

BUSINESS WEEK

DEC. 24, 1949

A MCGRAW-HILL PUBLICATION



Cola G. Parker: From Kimberly-Clark, newsprint for the south (pages 6, 26)

The New Bull Market

PAGE 19

TWENTY FIVE CENTS



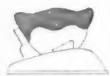
BUSINESS
WEEK
INDEX

GENERAL  ELECTRIC

Chemical Progress

News of developments from General Electric's Chemical Department that can be important to your business.

New Family of G-E Rubber-Phenolic Molding Compounds



Three new Hycar®-Phenolic molding compounds with outstanding shock resistance have recently been developed by General Electric Company. These include asbestos-filled, cotton flock-filled, and fabric-filled compounds and supplement the earlier wood flour-filled type. They have the characteristics of their fillers plus shock resistance far in excess of comparable regular phenolic compounds.



*Hycar American rubber; registered trade name, B. F. Goodrich Chemical Company.

New Paper Cup Dispenser



Here's an excellent example of how a product was improved through better design and choice of materials. A G-E customer wanted an attractive cup dispenser—sanitary, durable, yet inexpensive enough for home as well

as office use. Working with customer's engineers, General Electric improved the design and produced a clever, value-plus unit of crystal-clear plastics. This eye-appealing dispenser is already attracting thousands of new users.

New Cold-Punching General Electric Textolite® Speeds Low-Cost Mass Production

A new G-E cold-punching industrial laminate with high electrical and mechanical properties has been developed by General Electric engineers. Where low-cost, mass-produced electrical insulation for medium voltage applications is demanded, G-E Textolite 11534 satisfies requirements.

* Reg. U. S. Pat. Off.

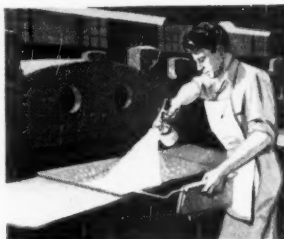
Special Purpose Glyptal® Alkyd Resin Cloths and Tapes Now Available

Developed specifically to combine maximum heat- and oil-resistance with excellent toughness and flexibility, General Electric's new special-purpose Glyptal alkyd resin-treated 1780 and 1782 cloths and tapes give unexcelled service under the toughest conditions. Write for details about how to get

improved insulation protection at minimum cost to you.

* Reg. U. S. Pat. Off.

G-E Silicones Cut Rubber Molders' Reject Costs



Savings from a substantial reduction in reject losses are now made possible for rubber molders—thanks to G-E silicone mold lubricants. Among the advantages offered by this product of General Electric silicone chemistry over conventional mold lubricants are less sticking in the mold, lower down time because there is no build-up in the mold cavities. Write for details.

WANT MORE INFORMATION?

If you'd like more information on any Chemical Department product, just drop us a line. Address: Chemical Department, General Electric Company, 1 Plastics Avenue, Pittsfield 10, Massachusetts.

CH-1015

G-E Chemical Department plants at: Pittsfield, Mass.; Schenectady, N. Y.; Waterford, N. Y.; Coshocton, Ohio; Decatur, Ill.; Taunton, Mass.; Anaheim, Calif.

You can put your confidence in

GENERAL  ELECTRIC

PLASTICS COMPOUNDS • SILICONES • INSULATIONS • GLYPTAL ALKYD RESINS • PLASTICS LAMINATING AND MOLDING • PERMANENT MAGNETS

HE BRINGS AN ARMFUL OF COURTESY, TOO

The man who comes to install or repair your telephone brings something more to your home than equipment, tools and efficiency.

He brings courtesy and consideration and a genuine desire to please. He treats your home and the things in it as carefully as though they were his own—cleans up and puts everything back in place when he's finished.

He brings along the realization that he is the representative of thousands of telephone men and women you may never see—all working together to give you friendly, constantly improving telephone service at reasonable cost.



BELL TELEPHONE SYSTEM





"Caterpillar" MAKES THE GRADE

with Torrington Spherical Roller Bearings

Tough service spot in "Caterpillar" Motor Graders is the outer tandem drive housing bearing, which is subject to deflection. A self-aligning Torrington Spherical Roller Bearing compensates for deflection, keeps shaft turning smoothly.

"Caterpillar" tandem Motor Graders have "made the grade" with contractors and operators with the help of the trouble-free operation of Torrington Spherical Roller Bearings.

Spherical Roller Bearings operate freely because they are *automatically* self-aligning. Binding stresses and excessive stress concentrations cannot develop. Long service life with minimum maintenance is the natural result.

You can help your heavy-duty equipment "make the grade" on the job and with your customers by specifying Torrington Spherical Roller Bearings for hard service points. Our engineers will be glad to help you with specific design problems. THE TORRINGTON COMPANY, South Bend 21, Ind., Torrington, Conn. District offices and distributors in principal cities of United States and Canada.

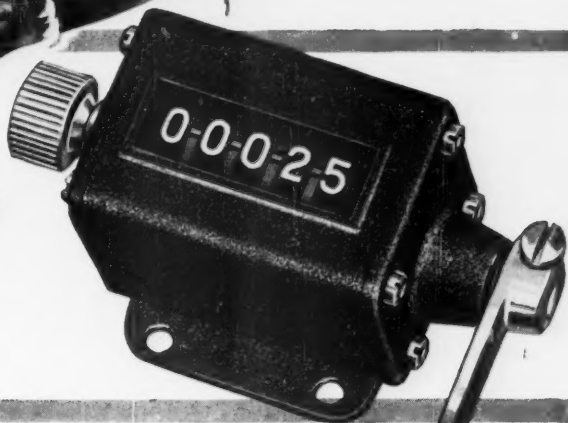


TORRINGTON **SPHERICAL ROLLER BEARINGS**

Spherical Roller • Tapered-Roller • Straight Roller • Needle • Ball • Needle Rollers



**Why does he
Count his chickens
...before they are
"vaxed"?**



"Now we've seen everything!" Every time we say that, we can count on it that someone will figure out a new way to use counters. There was the drink-dispenser, the Iron Chinaman, the map-making machine, the fishing reel, the ship's sextant, the exercise table, the bowling-pin setter and countless others.

Then came the egg-grader. So it was only a matter of time 'til another

inventive mind combined a counter with a vaccinating device, to keep count of his birds as he needed them!

But why all the figuring on how to use counters? Because Veeder-Root Counters add a new usefulness to any product into which they are built as standard equipment . . . a new sales stimulant, a new profit-producer. Now, let's get together and see what counter-use we can figure out for you!



COUNTING DEVICES

SMALL RESET COUNTER

counts strokes, revolutions, pieces, operations, etc. Easily built into any type of product. Write for spec-sheet on this counter, and for Condensed Catalog. VEEDER-ROOT INC., HARTFORD 2, CONN.
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Veeder-Root

COUNTERS

Where there is
Electronics—
There is Wire!



If you build any equipment in the field of modern electronics, you entrust the service life of your product to WIRE—To conductors that have to be drawn to amazingly close tolerances—To insulations that have to be carefully compounded—To an over-all uniformity that can only be maintained with modern engineering skill and precision machines.

Magnet wire—Litz wire, Hook-up and Lead wire—Microphone cable—Wires for every electronic requirement—Belden Manufacturing Company backs these products with over forty years of experience and know-how. Making the right wire for you is Belden's Business.

There is
plus protection
in Belden
Wire

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BUSINESS WEEK • Dec. 24, 1949

Which of these comments is YOUR DOOR-OPENER TO SALES IN 1950?

**Nationally-known building
firm, founded 1902, says:**



"For 47 years, Dodge Reports have helped our management *select and speedily follow up* profitable jobs."

**Prominent maker of steel heating
and power boilers since 1886:**



"We build our *sales presentations* around information we get from Dodge Reports. Dodge's timely news about live prospects spells profits for us!"

**Outstanding manufacturers of
building products:**



"Dodge Reports lead our salesmen *straight to active jobs in time to fit sales talk to specific needs* of prospect."

**Manufacturers of concrete hardeners
and waterproofing materials:**



"We *save manpower* because Dodge Reports tell our salesmen when, where, and who to sell."

**Manufacturers of brick and terra cotta
building materials:**



"Dodge Reports are a continuous source of daily information that speeds our agents *direct to our most profitable market*."

**Manufacturers and contractors, warm
air heating and air conditioning systems:**



"Dodge Reports enable us to quickly find prospects and maintain a *continuity of follow-up* not obtainable through any other service."

**Manufacturer of cast iron pressure pipe
and fittings, established 1905:**



"Dodge Reports constitute a 'bird's-eye view' of the proposed job and enable sales representatives to make *prompt contact with proper individuals*, thus saving time and money."

SELL hard in 1950, if you hope to do business at a profit. See that your salesmen spend more time *in front of* active prospects—less time looking for them. Use Dodge Reports to make every hour of your salesmen's time deliver sixty minutes' worth of *productive* sales effort.

Wherever new construction creates a market for your product or service, you can use Dodge Reports daily construction news to make each sales action more effective, more profitable.

Names of firms quoted above furnished on request.



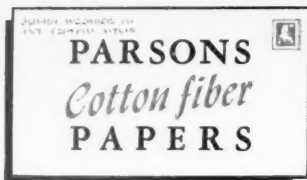
DODGE REPORTS

CONSTRUCTION NEWS DIVISION
F. W. DODGE CORPORATION
119 West 40th Street, New York 18, N. Y.

FREE! Send for free copy of "Direct to Your Market," a booklet showing how Dodge Reports can help you sell more profitably. Address Dept. "K".



More favorable replies to letters on . .



Experience proves that the **higher the quality** of the material that goes out in the mail, the **more favorable** are the reactions to the mailing.

This is especially true of letters to important people. They know the difference between cheap and quality stationery. They recognize, and react favorably toward a fine letterhead.

Here's a fact you can't get away from: fine stationery must be on paper made

with **new** cotton fibers. There's no substitute for its crisp distinctive richness, for its look and feel of quality, for the clean, clear texture of cotton fiber paper.

There's nothing finer than Parsons leading stationery papers, all of 100% **new** cotton fibers: Old Hampden Bond, Parsons Bond and L'Envoi. Ask for samples when next you buy stationery, and see the difference for yourself.

Remember these five points of superiority: Parsons cotton fiber papers last longer, wear better, have superior writing and erasing qualities, outstanding appearance and the look and feel of **quality** that reflects **prestige** on you and your organization. Parsons Paper Company, Holyoke, Massachusetts.

It Pays to Pick



PARSONS
P A P E R S
Made with New Cotton Fibers
© PPC 1949

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THE COVER

When Cola G. Parker took over as Kimberly-Clark's third president in 1942, he was the company's first president who had not grown up in the fold. Of his two predecessors, J. A. Kimberly was one of the company's four founders and F. J. Sensenbrenner one of its early employees and stockholders.

Parker came to Kimberly-Clark in 1937 as vice-president and director from a New York law practice in which he had long represented the paper industry and many of its chief companies, including Kimberly-Clark. By the mid-thirties, K-C was facing the realization that it wasn't a family enterprise anymore and had become a publicly owned corporation. To handle the new and complex problems of relations with the government, stockholders, and the public, the company management felt a need for legal counsel in the firm.

• **Logical Choice**—Parker's wide knowledge of the industry, including his experience in Washington during NRA days as head of the book-paper manufacturers' group, made him a logical choice for the job, and for his promotion to president when F. J. Sensenbrenner retired.

Wisconsin born, Parker graduated from the University of Chicago in 1911, earned his J. D. from its law school in 1912. He practiced law in Chicago until the U. S. entry into World War I, when he enlisted as a private. Discharged from military service in 1919 as a captain in the infantry, he entered law practice in New York as a partner in the firm of Wise, Whitney, and Parker.

Besides serving his second term as president of the American Paper & Pulp Assn., Parker is a trustee of the National Industrial Conference Board, a director of the National Assn. of Manufacturers, a director of several banks, and a trustee of Lawrence College, Appleton, Wis., home of the paper industry's famed Institute of Paper Chemistry.

—Complete story of Kimberly-Clark on page 26. Cover painting by Tran Mawicke.

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JOLTS DON'T KNOCK THE STUFFING OUT OF **NYLON**-STITCHED SEATS

Bus seats are constantly straining at the seams. They're bounced on . . . jolted . . . punched and even kicked! Here's one place where the thread used for stitching has to be strong, durable, and abrasion-resistant. And it's one of the many places where sewing thread made of Du Pont nylon is proving its worth.

Nylon fibers are so strong that nylon thread need only be one-half the diameter of other threads for the same tensile strength. Nylon's abrasion resistance protects thread from fraying as it grinds against the fabric under stresses. And its elasticity permits it to give instead of snapping under strains.

Bookbinders use nylon thread because it permits a tighter, finer seam.

It's useful to luggage manufacturers because it's longer wearing and is not weakened by mildew and rot. Since nylon thread is so little affected by moisture, it is ideal for sewing such articles as shower curtains.

There are hundreds of uses for nylon thread. And thread is just one of the many uses for nylon fibers. Have you checked up on nylon's remarkable combination of properties?

NEW BOOKLET, "Nylon Textile Fibers in Industry," may help you use Du Pont nylon fibers to improve production methods . . . make a better product or a new product. Write on your letterhead to Room 6510-Y, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

Du Pont Nylon Fibers Give you all these Properties

HIGH STRENGTH + LIGHT WEIGHT
+ TOUGHNESS + DURABILITY
+ ELASTICITY + FLEXIBILITY
+ LOW MOISTURE ABSORPTION
+ QUICK DRYING + EASY CLEAN-
ING + HEAT-SETTING ADVANTAGES

Resist deterioration by mildew,
soil rot, petroleum oils, alkalis



BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

For nylon...for rayon...for fibers to come...look to Du Pont

YOU CAN BE **SURE**... IF IT'S
Westinghouse



Micarta is
really TOUGH

... to cut deadweight, for example

Micarta helps designers take off needless weight... without reducing strength.

Many heavy parts can be replaced with this strong, lightweight material... reducing weight as much as one-half that of aluminum... as much as four-fifths that of bronze.

Typical is the aircraft industry, where weight reduction is of utmost importance. Here, Micarta replaces heavier materials for many parts such as pulleys, control panels and strut bearings.

Micarta is also superior for many jobs because of its compressive and flexural strength, and its ability to resist moisture, corrosion, extremes of temperature and electrical shock.

You can get this versatile, lightweight material three ways: in standard sheets and structural shapes; in sheets for forming; or completely fabricated, molded or formed to your specifications by Westinghouse, in any quantity.

Ask your nearby Westinghouse office for Micarta Data Book B-3184-C, or write Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Pa.

J-06426

Westinghouse
Micarta



BUSINESS OUTLOOK

BUSINESS WEEK

DECEMBER 24, 1949



Wholesale prices will end 1949 just about on the year's low.

That's a drop for the year of $7\frac{1}{2}\%$. It brings prices down $10\frac{1}{2}\%$ since the postwar top in August, 1948.

It is unlikely, however, that 1950 will see any such decline.

Competition will be on the side of lower prices in 1950. However, inflexible costs—labor, transportation, government-propped commodities—will limit the effects of competition pricewise.

And don't forget: Steel price rises (page 21) already are being passed on by steel users to their customers.

Prices of all the things the farmer sells, down now about 20% from their high, will be the most vulnerable commodity group again next year.

The Dept. of Agriculture expects a further dip of as much as 10%.

Just the same, the government will be in there supporting farm prices. It's good politics, whether it's good economics or not.

Government activities will be important to industrial prices as well as to farm prices.

Mar. 15 taxes will have a restraining effect until after that date. The government, due to high tax receipts in March, will momentarily be running a budget surplus.

After the tax date, though, federal deficits will be inflationary.

And if the business curve should be rising, along with the federal deficit, the push on most prices definitely would be upward.

Efforts to control farm surpluses—and prices—through acreage cuts are less and less successful.

Acreage controls prompt better farming. The best land is used for the main cash crop, be it wheat or cotton. More fertilizer is used.

Thus, after taking its first official look at the winter wheat crop (for harvest in 1950), the government says acreage has been cut about 15%. Yet, at this very early date, output looks to be down only 2%.

Better farming holds its own promise of more food for the future.

Better seed, improved strains, more intelligent use of soil, fertilizer, and insecticides—all these help boost production. This is at least a partial answer to those who see population outrunning food.

Corn is an example. We now harvest $3\frac{1}{4}$ - $3\frac{1}{2}$ -billion bu. from about 90-million acres. For 1931-32-33, we averaged only $2\frac{1}{2}$ -billion bu. from an acreage of more than 110-million.

Fertilizer's role in good farming is bound to increase.

As the national average corn yield rises from 25 bu. to the acre toward 40, and cotton from 180 lb. to the acre toward 300, soil is depleted that much faster. Man has to supply new plant food or ruin his top soil.

Manufacturers and merchants who serve the farm market have a very real interest in efficient farming: The better the farming practices, the greater the share of gross income realized by the farmer as net.

Between better farming and more machines, the farmer is steadily

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
DECEMBER 24, 1949

cutting his wage bill. Too, he gets more output for his input. This is particularly important in times like these when lower prices are cutting farm income. Gross was down 10% in 1949, net down 15%.

Net would have dropped close to 20% if it hadn't been for cost cutting.

•
Farm markets are past their peak. This is partly a matter of spendable income, partly a pent-up demand being satisfied.

Net farm income may go down to \$12½-billion in 1950. That's assuming another dip of 10% in prices with only a small cut in costs. (That still is 50% to 100% higher than total cash receipts before the war.)

That's the income side. On the demand side, farmers have bought most of the machinery they need or can afford. During the flush years, they also made most of the necessary repairs.

That puts demand much more nearly on a replacement basis. And it restores full-scale competition for the farmer's dollar.

•
Insect control continues apace. Much of it is aimed at helping the farmer with both livestock and crops.

The Dept. of Agriculture this week recommended spraying farm animals, other than dairy cows, with toxaphene solutions. These are effective against ticks, lice, and hornflies.

Lindane is recommended to control lice on dairy cows.

•
European corn borers are estimated to have cost farmers over \$100-million last year; earworms chewed up another \$140-million.

But science holds hope of ending this. Moths' fascination with light can lead to the female's undoing before she lays her eggs. Moths fall prey most readily to "black light," incidentally.

But the Dept. of Agriculture warns farmers to "avoid becoming too enthusiastic about this method of control."

Agriculture's engineers have tested it. It works (not only on corn moths but those of the tobacco worm as well). But different types of equipment still need testing. Beneficial insects might be killed, too.

Black light and traps proved 57% effective in corn to a distance of 46 rows from the lamp last summer, 70% up to 26 rows.

•
Electric power output is ending 1949 with one record after another. Last week's total was just a shade under 6-billion kwh.; this week's probably will be still higher. Last year's peak was under 5.8-billion.

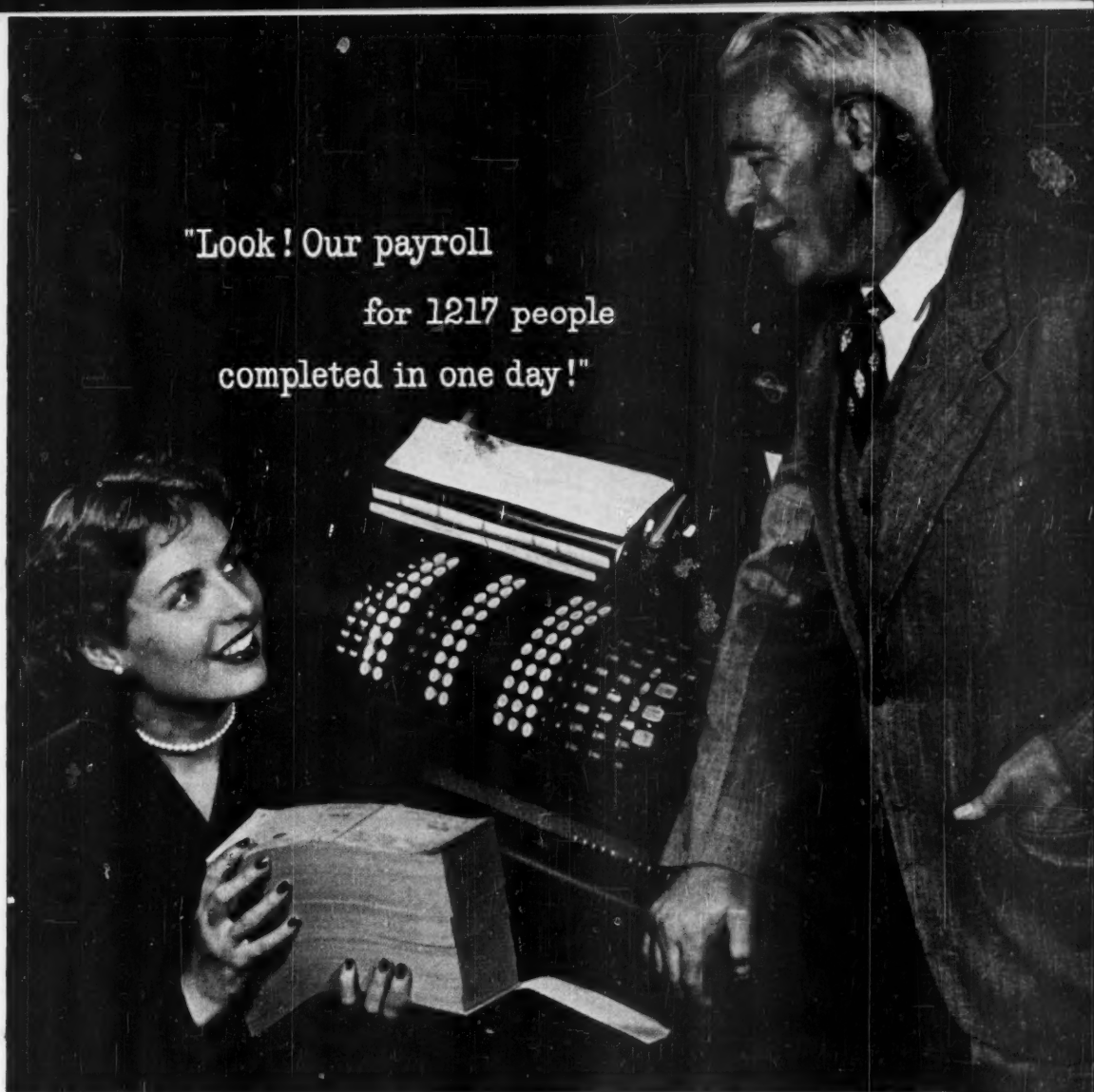
•
Cotton consumption once again attests the vigor of the comeback in textiles. November use, at 772,000 bales, was the highest in 17 months; it was the best for November since 1946.

That brings use for the first four months of the cotton season to 2,872,000 bales (more than 20,000 ahead of last year).

That's at an annual rate of nearly 8½-million bales. Best prewar consumption was under 8-million bales, the average below 7-million.

•
Here's a note for G.I.'s: At least one New York low-priced clothier wants to sell you now, get paid when you get your insurance refund. If you "are steadily employed and have a good credit standing," that is.

"Look! Our payroll
for 1217 people
completed in one day!"



NATIONAL MECHANIZED ACCOUNTING SAVES TIME, CUTS OPERATING COSTS*

This machine provides 20 totals for payroll as well as 42 totals for analysis work. Payroll — with its increased problems of deductions — is but one of many accounting jobs which National has solved, cutting costs on *every* job.

A National System is a capital investment that *often repays its cost within a year* — then goes on paying a profitable annual return

through reduced operating costs.

All businessmen know they must sometimes spend money to make money. And smart management also knows that a capital investment to reduce expenses is as important as one to increase business.

Your local National representative will gladly show you how you can reduce *your* operating costs. No obligation, of course.



**Get this FREE 20-page booklet. Ask your local National representative, or write to The National Cash Register Company, Dayton 9, Ohio.*

THE NATIONAL CASH REGISTER COMPANY

National



THE ICE TRAYS ARE TAKEN FOR GRANTED

*Year after year, so trouble-free
you never give them a thought...*

**Perhaps the best acknowledgment you could make
That ALUMINUM LASTS**

Who wants to hear about ice cube trays,
of all things?

You do. Those out in your kitchen
right now can tell you something.

Nature put them there, by endowing
aluminum with gifts of lightness, fast heat
transfer, friendliness to food. But a lot of
other things had to happen, to make
aluminum so *lasting*.

Alcoa made those things happen.

It took years of Alcoa research to pro-

duce their rock-hard, glass-smooth finish.
Years to develop their strong alloy. Hun-
dreds of Alcoa people searching; hundreds
more testing the results. So we could say
"Alcoa Aluminum lasts!" and back it up.

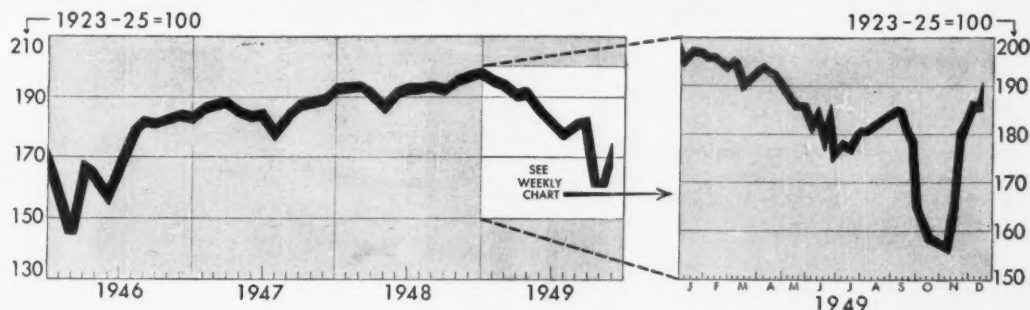
Those years were worth-while, to us and
to you. Because today, hundreds of things
that didn't use to last, are better buys in
Alcoa Aluminum. ALUMINUM COMPANY
OF AMERICA, 627M Gulf Building, Pitts-
burgh 19, Pa. Sales offices in principal cities.

ALCOA

**FIRST IN ALUMINUM
THE METAL THAT LASTS**



FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	94.5	94.1	78.2	88.6	97.3
Production of automobiles and trucks.....	86,624	152,514	115,152	123,315	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$33,196	\$31,802	\$26,783	\$31,894	\$19,433
Electric power output (million kilowatt-hours).....	5,997	5,881	5,644	5,790	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	5,000	4,979	5,211	5,697	3,842
Bituminous coal (daily average, 1,000 tons).....	1,533	1,542	1,183	2,042	1,685

TRADE

Miscellaneous and L.C.I. carloadings (daily average, 1,000 cars).....	68	70	66	80	86
All other carloadings (daily average, 1,000 cars).....	43	46	40	51	52
Money in circulation (millions).....	\$27,701	\$27,699	\$27,397	\$28,369	\$9,613
Department store sales (change from same week of preceding year).....	-4%	-8%	-8%	-1%	+17%
Business failures (Dun & Bradstreet, number).....	161	191	183	96	228

PRICES (Average for the week)

Cost of living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Oct.	168.5	169.6	173.6	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	346.0	345.8	344.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	223.1	225.7	228.6	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	297.0	296.8	289.0	146.6
Finished steel composite (Iron Age, lb.).....	3.735e	3.705e	3.705e	2.396e
Scrap steel composite (Iron Age, ton).....	\$26.92	\$27.25	\$29.92	\$43.00
Copper (electrolytic, Connecticut Valley, lb.).....	18.500e	18.500e	18.500e	23.500e
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.22	\$2.23	\$2.19	\$2.27
Sugar (raw, delivered New York, lb.).....	5.75e	5.76e	5.88e	5.59e
Cotton (middling, ten designated markets, lb.).....	30.41e	30.08e	29.67e	32.07e
Wool tops (New York, lb.).....	\$1.740	\$1.753	\$1.679	\$1.695
Rubber (ribbed smoked sheets, New York, lb.).....	17.66e	17.69e	16.85e	18.85e

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	131.8	131.3	128.0	120.5
Medium grade corporate bond yield (Baa issues, Moody's).....	3.29%	3.32%	3.35%	3.54%
High grade corporate bond yield (Aaa issues, Moody's).....	2.58%	2.59%	2.60%	2.79%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14-14%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14%	14%	14-14%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	48,652	47,724	46,625	48,290
Total loans and investments, reporting member banks.....	67,574	66,938	66,506	62,870
Commercial and agricultural loans, reporting member banks.....	13,882	13,807	13,776	15,595
Securities loans, reporting member banks.....	2,455	2,401	1,997	1,742
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	37,409	37,153	37,257	33,440
Other securities held, reporting member banks.....	5,035	4,973	4,947	4,141
Excess reserves, all member banks.....	920	920	1,140	1,216
Total federal reserve credit outstanding.....	18,731	18,628	18,351	23,919

*Preliminary, week ended Dec. 17.

*Revised.
**Estimate (BW—Jul. 12 '47, p16)

†Data for "Latest Week" on each series on request.

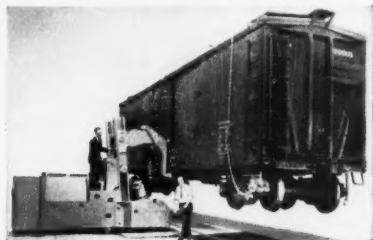
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1888...DEPENDABLE BATTERIES FOR 61 YEARS...1949

WASHINGTON OUTLOOK



PREVIEW OF TRUMAN'S PLANS for 1950 shows there will be no backing away from policies of big and aggressive government. What is called the "Fair Deal" is to be redished.

Congress will cut, trim, and reject. It will be a brake on Truman, slowing the drift. But it won't change the direction. This gives business a high stake in the issues of taxes, spending, controls, etc.

Keep in mind that Truman is looking beyond next year, to 1952. He's acting like a candidate. So he will mix the things he really wants out of Congress next year with the issues he wants for campaigning later on.

The program starts unfolding in 10 days. First comes the State of the Union message to Congress on Jan. 4. The budget and the economic report will follow in quick succession.

Some decisions are tentative at this time and others remain to be made. But much of the program is firm, and you now can see the implications.

SPENDING WILL STAY HIGH, within speaking distance of this year's peacetime record.

You will see stabs at economy, but they will deal largely with the fringe stuff. Truman isn't going to kill off any of his big spending projects—especially at a time when his political strategy is based on bloc appeals, with government generosity as the bait. And Congress isn't going to slash either, with elections in the fall.

The budget will be in the \$43-billion to \$44-billion range. It will be "tight," which usually means a later revision upward.

Spending is a big prop under business—and the Administration will emphasize this, as a virtue.

TAXES WILL STAY HIGH, TOO. The big spending guarantees this.

A general tax rise is out. Truman talks about it as the only way he knows of to balance the budget. But advisers think they have him persuaded against even asking it, and they know Congress wouldn't vote any such rise of \$4-billion to \$5-billion anyhow.

An excise tax cut is probable, but it's no certainty. Truman will go along with removal of most of the wartime boosts, but only if Congress makes up the revenue loss. Otherwise, a cut faces a veto.

Taxing co-ops is an idea that is gaining more backers. But it's a hot potato politically, and neither the Administration nor Congress wants to pick it up in an election year.

An income tax cut has no chance. It will be talked by Republicans to make politics, but it's out of the question for next year—and longer.

TAX INCENTIVES TO BUSINESS are under consideration as a way to encourage business expansion.

Accelerated depreciation, an old idea, is up again. Theory is that if business could write off plant and equipment expenditures more rapidly—in say three to five years—private spending would be encouraged.

A brand new scheme is also in the talk stage. This would permit accumulation of tax-free reserves for expansion of plant and equipment. But there's a hooker in it. Such funds would be tax-free only if spent on projects which the government approved. Thus, government would be given a voice in expansion plans.

One stumbling block is that anything which provides a real inducement would mean a revenue loss. It's too early to say what, if anything, will come of the ideas, but they are worth watching.

THE NATIONAL DEBT WILL RISE. The end of big deficits is nowhere in sight.

Truman will regard this as unfortunate and explain it as the result of the Republican tax cut. (The \$10-billion rise in spending in the past two years will be glossed over.) The Byrds, the Dough-ton, the Tafts, and the Tabers in Congress will deplore the deficit, but there isn't much they can do.

The deficit habit is strong and, to most men around Truman, and in Congress, too, it seems normal. There have been only two balanced budgets in nearly 20 years; these were postwar accidents, not deliberate policy.

There is an awareness of the inflation danger in deficits. But there is no willingness to face up to big spending cuts or big tax boosts. The easy way is to hope deficits will end before disaster comes.

THE "EASY MONEY" POLICY—a big supply of credit, at low interest rates—will continue.

The recent exchange between Snyder and

WASHINGTON OUTLOOK (Continued)

Eccles leaves no doubt as to who will call the tune. And if the Reserve Board should get balky, Snyder has the inside track with Truman.

Plain fact is that the government, faced with the twin problem of refinancing a quarter-trillion dollar debt and of raising new money to cover the deficit, isn't going to do anything that will really tighten credit—not deliberately.

The inflation risk is regarded as preferable to any crimp in the ability to spend.

AID TO HOME BUYERS will be liberalized; that means more government help in getting credit.

FHA mortgage insurance terms probably will be relaxed, to permit smaller down payments and longer financing on homes under \$10,000.

Loans to housing co-ops, direct from the government, will be a hot issue. Private lenders will fight it. Possible compromise: private loans to co-ops, with government underwriting the risks.

Direct loans to veterans have a better chance of getting by Congress. Support is more general.

MORE LENDING TO BUSINESS is in the cards, too—probably through RFC.

Elaborate schemes to aid small business are being talked, both within the Administration and in Congress. But it takes time to get new programs through Congress, and there will be considerable dispute over just what should be done.

So expect easier terms from RFC. It's the one thing Congress can do quickly.

LABOR'S DRIVE ON CONGRESS will be for Truman's social security program.

The unions are still hot for repeal of the Taft-Hartley law, but it seems unlikely that Congress will even consider it this next session. So labor will concentrate on other issues.

Higher unemployment pay will get a big play from labor. But Congress will stall and won't set new, higher minimum standards before 1951.

THE BRANNAN PLAN is still the Truman plan—long range.

The Administration will make an effort to undercut farm leaders and stir up a rank-and-file rebellion. Idea is that if enough farmers can be made dissatisfied with the present program, Congress will take the Brannan Plan eventually.

SUPPORTING FARM PRICES will become more costly as surpluses build up next year.

And there is real doubt that buying, lending, and storing will be effective props as stocks rise. They might crumble.

So keep your eye on the scheme for goods give-aways abroad, tied to foreign policy.

FOREIGN POLICY will hold to the present course—containment of Russia.

But there will be shifts in the aid pattern which will increase farm exports, perhaps at the expense of industrial exports.

Less aid to Europe: Spending is scheduled to drop 25%, and Truman will have to fight to keep Congress from cutting still deeper.

More aid to the East—India, Iran, Indonesia—is coming. The bulk of it will be food.

Point 4 will get out of the talk stage.

LESS FEAR OF EARLY WAR is reflected in defense planning.

The military budget is to be held to the \$13-billion ceiling set by Truman. But Congress may kick over the traces. There's much grumbling about Truman's refusal to build the 70-group Air Force which Congress authorized; there's talk of "ordering" him to go ahead. But such action is unlikely, barring unanticipated incidents.

Arms aid to Europe: at least a half billion more.

A BRIGHT BUSINESS PICTURE will be painted by Truman, but it will be for the short range.

There's no real worry about a big bust next year. But there is fear of rising unemployment—a year-to-year climb which might become really serious by 1952 (page 23). This can happen even with stable production and employment. Improvement in production efficiency and normal additions to the working force mean that upward of a million new jobs must be created annually to avoid a rise in unemployment.

You will hear a lot in the coming months about the need for business to go ahead and expand to make the extra jobs. Behind the talk will be the threat that, if private capital does not do the job as government thinks it should be done, then government will do it.

Sen. Murray's economic-expansion act will become an issue. Its chances will improve as unemployment rises.

PHENOLIC CURING PROCESS EMPLOYED BY GLASS FIBERS, INC.

demonstrates
controllability
of **GAS**



VITRON* Glass Fiber Underground Pipe Wrap, a resin-bound mat, is made in a series of processes utilizing GAS as a fuel, and applied as corrosion-resistant wrapping on underground pipes. The photo was taken at 1/250 of a second, under actual field wrapping conditions, and shows how quickly the wrap is permeated and saturated by the hot coating.

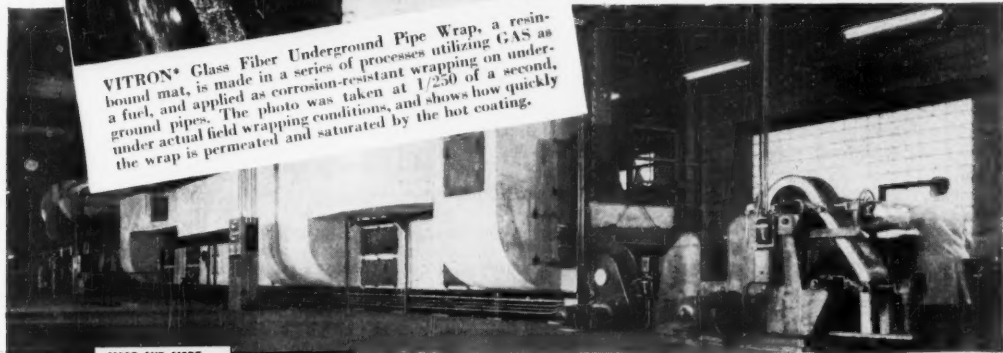
QUALITY CONTROL is directly related to time-temperature control in the production of VITRON* Glass Fibers. To obtain precise control of drying and curing cycles in the manufacture of this phenolic impregnated underground pipe wrap, executives of Glass Fibers, Inc. chose an automatic continuous GAS oven.

President R. H. Barnard expressed their choice of this all-purpose fuel as follows, "We maintain extremely high-quality production standards for our VITRON Glass Fiber Underground Pipe Wrap. GAS, being easily controlled and highly versatile, is essential to our meeting those standards." Of course, this Waterville, Ohio, manufacturer uses GAS in making the glass for the basic insulating mat so their engineers were well-acquainted with the efficiency and flexibility of this superior processing fuel.

With this experience in the application of GAS for production operations it was only natural that this versatile fuel should be chosen by Glass Fibers, Inc. for heat-processing the phenolic resin binder on the glass mat.

This highly-specialized application of GAS for production-heating serves to emphasize the versatility of GAS and its efficient utilization on a process requiring precise temperature control. As a fuel for high-speed heat processing under exacting conditions GAS meets every requirement. Your Gas Company Representative can show you many examples.

Continuous Gas-fired oven for curing phenolic resin on glass fiber mat.



MORE AND MORE...

THE TREND IS TO **GAS**

FOR ALL
INDUSTRIAL HEATING

*VITRON is the registered trade mark of Glass Fibers, Inc., Waterville, Ohio

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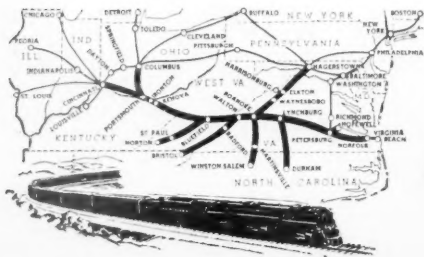
420 LEXINGTON AVENUE, NEW YORK 17, NEW YORK



He "Mattressed" The Swamp-To Take Rails Direct To The Sea!

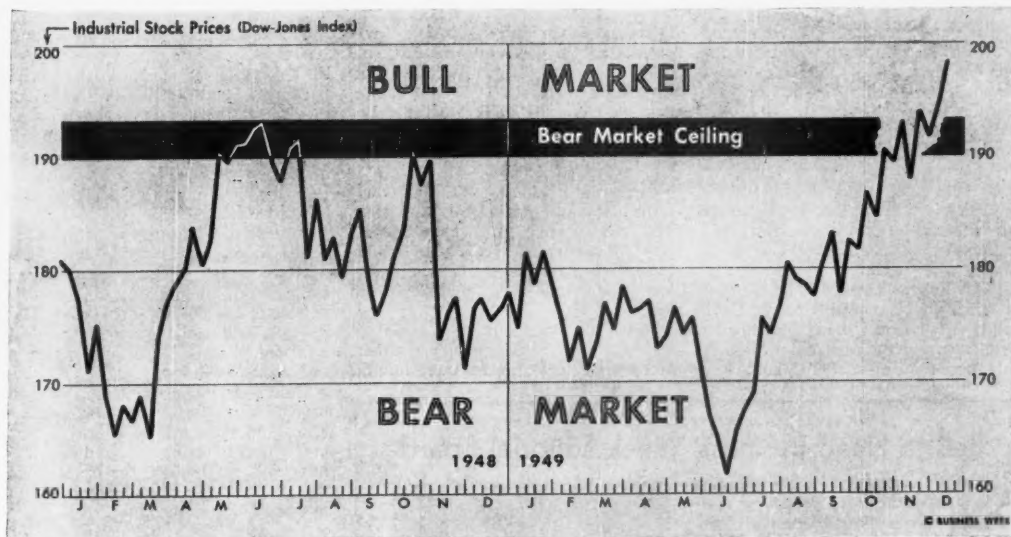
They told 27-year-old William Mahone, "It's madness to put rails through Dismal Swamp!" Yet Mahone's responsibility was to build a *direct* rail line, 80 miles long, from Petersburg, Va., to the Port City of Norfolk, and the *direct* route lay through the almost bottomless Dismal Swamp. Ignoring prophecies of certain failure, the young construction engineer—later to become president of three N. & W. predecessor lines—cut a 100-foot swath through the apparently impenetrable swampland. He had trees cut, trimmed and thrown to the center of the strip so that the trunks made a *corduroy mattress*, upon which he built an earthen embankment. This made a stable foundation. Being always submerged, the logs never rotted. The roadbed today, nearly 100 years later, carries the tonnage of one of the nation's heaviest traffic railroads . . . the Norfolk and Western.

Mahone's victory over the swamplands in building one of the best sections of rail roadbed in America today, is an early example of the Norfolk and Western's *determination to provide the most efficient and dependable rail service possible*—regardless of obstacles. The history of the Norfolk and Western is a saga of man's ingenuity in building a great railroad through swamps, across plains and rivers, and through mountains . . . reaching from the great Port of Norfolk to the markets of the mid-West, and between the North and South, to serve the nation with *Precision Transportation*. This is rail service which shippers have learned to depend upon for the fast, safe movement of their goods. *Precision Transportation* is the result of the Norfolk and Western's combination of modern operating methods, modern equipment, more than a century of experience, plus a traditional *determination to serve*.



Norfolk and Western RAILWAY

PRECISION TRANSPORTATION



Stock Market Boom Means Bullish Year

Higher prices also mean that it may be easier for business to raise new money for modernization and expansion.

The stock market finally has decided: The business boom is the real thing.

So after squirming around indecisively for three years, Wall Street at last has a bull market under way. Stock prices this week hit their best levels since 1946. And they did it in a season when tax selling and yearend adjustments ordinarily make the market wobbly and hesitant (page 44).

• **Reason**—One thing that has bucked the market up is the quick snapback that business has made from this year's recession. Talk of cutting excise taxes next year has helped. So has the refusal of Congress to buy the Fair Deal program as a single package.

But aside from everything else, traders are gradually getting used to the postwar world. They are less worried now about the cold war with Russia, and less fearful of what the Truman Administration will do to business. They are no longer so jittery lest the postwar boom of World War II be followed by the same kind of bust that followed World War I.

One thing with another, the market seems more responsive to business conditions now than it has been since the

end of the war. And if that eventually means that stock prices come back into line with earnings, a lot of problems will be easier to handle.

• **Business Booster**—For a good strong market can be a vital help to business. To a large extent, the market can make its own wishes come true.

One reason for this is purely psychological. A booming stock market breeds optimism. And optimism makes good business.

But there's more to it than just that. The stock market has a major part to play in business expansion. When it is working right, it should provide the new money that business needs to finance extra plant and equipment. Traditionally, the stock market is the source of a large part of the equity capital that business must have if it is to keep growing.

• **Ominous Spot**—As things look now, capital expenditures are the darkest spot in the whole business picture for 1950. They have been sliding off steadily all this year. And preliminary estimates for the first quarter of 1950 show another drop of 14% under 1949 (BW—Dec. 10'49, p20). So far business has held up

pretty well in spite of the drop. But lower capital spending undoubtedly had something to do with last spring's mild recession. And it is a bad omen for 1950.

A booming stock market could do a lot to start capital spending up again—or at least to put a floor under the decline. Plenty of businesses would like to expand or modernize—if they could get the money without strapping themselves. A good market for equities would give them a chance to raise the cash they need.

• **Drag**—For the past three years, the stock market has been a drag on business, not a help. All the time that corporate sales and incomes were setting new records, Wall Street was conspicuously absent from the party.

The market hit its postwar peak in May, 1946, when it got up to 212.50 on the Dow-Jones industrial average. Then—just when things looked brightest for business—stock traders got the heebie-jeebies. The industrial average skidded down to 163.12—off about 25% from its peak. For the next three years, the market zig-zagged around unhappily in a narrow trading zone, running from about 161 to 190 on the Dow-Jones industrials.

• **Anomaly**—This wasn't a bear market in the ordinary sense. After the first

rush of liquidation spent itself, the selling eased up. Every time the average got down toward 160, buying came in and shoved it back again.

But it wasn't a bull market either—certainly not the kind of bull market you would expect in a time of booming business and record profits. Again and again the average poked up toward the 190-195 level. Each time it ran into a wave of selling that washed it back down.

Wall Street's worst disappointment came in 1948. Early in the summer, the market started as though it really were going places. By June it had hit 193.16. Then it lost headway. In November came the election upset, and overnight the market was back in its old trading range again.

• **With Fingers Crossed**—The memory of that "booby trap bull market" still makes Wall Street wince. So traders were slow to get excited about the rally that began in June, 1949. And even

this week, when the industrials nosed past 198, a lot of old-timers were keeping their fingers crossed.

At present levels, the market already is high by historical standards. There have been only two other occasions in the long record of the New York Stock Exchange when the industrials have made it up this far. Once was in 1946 (they topped off then at 212.50). And once was in 1927 and 1928, just before they started on the final skyrocket phase of the Big Bull Market that carried them to 381.17. The top of the 1937 bull market was 194.40.

• **Ratio**—But if you look at earnings and dividends, stock prices still seem low. The average yield of a representative group of common stocks is close to 7% these days. And that's at a time when first-grade bonds yield only 2.5% to 3%.

From the standpoint of a businessman who wants to raise money, the new bull market obviously isn't yet bullish

enough. The question that really counts is: How much farther will the rise in prices go?

• **Hint**—You can look for your first and most important hint when you see how the market behaves as it works up toward the 1946 highs.

The chances are that the zone from 200 to 212 on the Dow-Jones industrials will give the market a lot of hard sledding. There was heavy trading in that area all through 1946, and as prices get back into it a lot of investors will have their first chance in three years to get out even. On top of that, the 1946 high is likely to be a big psychological hazard.

Nobody will be surprised if the market has some minor setbacks during the next few weeks. It has been going up almost continuously for six months now, and it is due for a shakeout. The real test will come when it has consolidated a while and then makes a rush at the 1946 top.

• **Future**—If it goes through, we will have a bull market by anybody's definition. And there will be at least a temporary rush to get on the bandwagon. If it doesn't go through, the chances are that the averages will slide back down into their old trading range.

You could tell a lot more about the future of stock prices if you knew why the market ignored the business boom for three years and then decided to believe in it at this late date. But trying to do the market's thinking for it is a dangerous business at best. Traders have always had a logic of their own. And there is no resemblance between it and the variety that the rest of mankind uses.

Bell to Head Business Week Editorial Board

Elliott V. Bell, who has been Superintendent of Banks of New York state since 1943, becomes chairman of the board of editors of BUSINESS WEEK on Jan. 1. His appointment was announced by James H. McGraw, Jr., president of McGraw-Hill Publishing Co.

The editorial direction of BUSINESS WEEK will be placed in the hands of the newly created board. Other members of the board will be Edgar A. Grunwald and Kenneth Kramer. They will work as an executive team under Bell's leadership and will retain their titles as managing editor and executive editor.

The new board will be responsible for editorial policy, editorial personnel, and editorial operations, subject to the general supervision of Paul Montgomery, publisher.

Ralph Smith, who has been editor of BUSINESS WEEK for 12 years, becomes editorial assistant to the head of the McGraw-Hill publications division.

Bell will also serve as chairman of the executive committee of the publishing company. He will assist the president in formulating and developing publishing and editorial policies for the entire company. He has been a McGraw-Hill director since December, 1947.

He was a financial writer on the New York Times staff from 1929 to 1939 and a member of the editorial board of that newspaper from



Elliott V. Bell

1941 to 1942. He previously was on the staff of the New York Herald Tribune.

Bell was the first president of the New York Financial Writers Assn. He is a member of the Council on Foreign Relations, a director of the Foreign Policy Assn., and a member of the University Development Plan Committee of Columbia University.

Bell became a member of the executive committee of the National Assn. of Supervisors of State Banks in 1943 and was elected president of that association this year.

AIR FORECASTS BY DIAL

Beginning Jan. 2, New Yorkers will be able to dial a number and get flight forecasts for American Airlines planes—the way they dial now to learn the time or weather, New York Telephone Co. cooperated on the development.

The flight information calls won't interrupt busy reservation clerks. Instead, a recorded voice will give specific information on all flights for the next two hours—number, time of departure, destination. If there's a holdup, the voice will give details on that, and a forecast of what's likely beyond the two hours.

Flight superintendents at La Guardia airport will supply data for the recordings which will originate in the flight dispatcher's office.

American Airlines plans to install enough equipment to handle six to eight calls at once. It figures that the system will take a big weight off its peak phone loads. AA has found that in doubtful weather calls increase one-third, as passengers begin to worry.

Four Dollars More for Steel

When Big Steel boosted prices: Other producers did the same; steel users started to raise their own prices; Washington began an investigation.

One steel company after another scrambled to post higher prices this week to match Big Steel's \$4-a-ton average boost.

No one in industry was surprised to see steel prices go up (BW—Nov. 26 '49, p. 21). But two things did surprise businessmen a little:

(1) The price jump was not limited to higher extra charges as expected. It was made up this way—half in higher base prices and half in higher extra charges.

(2) The price increases were effective as soon as announced, which was at least two weeks earlier than anticipated. Higher prices had been expected any time after Jan. 1, when companies begin to set up funds for the new pension and insurance plans. These are the main costs which the new prices are supposed to offset, although the steel mills also have incurred higher charges for transportation and some raw materials.

• **Industry Reaction**—A price increase in a basic commodity always attracts a lot of interest. Steel mill customers are anxious to know what effect a higher steel price will have on the cost and selling prices of their manufactured products containing steel.

Evidently it didn't take long for some steel buyers to figure out what higher steel prices did to them. Early this week, before the steel price increases had spread through the industry, some steel product manufacturers were raising their prices. Purchasing agents at Detroit automobile plants were told by some parts suppliers that their prices were being raised 2% to 6% (the new steel prices are approximately 4% higher than the previous average selling prices).

• **Government Reaction**—The steel price boost also stirred up a fuss in Washington. Sen. O'Mahoney, chairman of the joint economic committee, said that leaders of the steel industry would be asked to explain to his group what they had done and why.

O'Mahoney said that in view of the steel companies' higher earnings he feels definitely that there should be no steel price increase at this time. "The industry will be acting against its own interest and against the interest of all American business if it persists," he said.

Although there has been a lot of shouting about the congressional study, hearings on the subject may run only

two days. Steel executives will be given a day to have their say. Then pension experts and officials of the Federal Trade Commission and Department of Justice will testify. The main point of the hearings: to determine the relation between the cost of pensions and the new price increases.

Those in government who deplore the steel price boost hope that jawboning and publicity may check further increases. They want to do everything they can to reduce the possibility of higher steel prices getting translated and multiplied into other price boosts which eventually will hit the consumer smack in the face.

• **Yardstick Plants**—The Fair Dealers who want the government to set up yardstick plants in basic industries got a kick out of the price increase. They think it gives them new ammunition. They see the steel hearings as another device the government can use to publicize price increases in industries that "affect the public interest." Eventually, they think, that kind of publicity will set the stage for acceptance of their proposal.

• **Readjustment**—The steel price hike had one other unusual aspect. It was not an across-the-board increase. For example, electrical sheets shot up 15%,

while tin mill products were actually reduced.

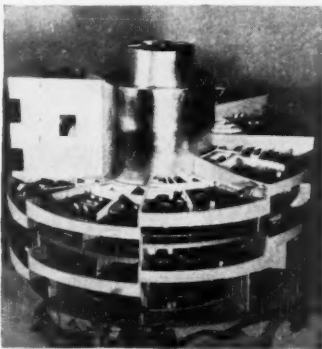
New steel prices for other products vary considerably in the amount of increases put into effect. Prices of hot-rolled sheets, cold-rolled sheets, and hot- and cold-rolled strip were given very healthy advances. A good part of the increase on these items was accomplished by increasing the extra charges.

On the other hand, some steel mill items, such as axles, were hardly disturbed by the pricing change, and all stainless steel products remained unchanged.

There was a long term objective behind the variation in price changes for different products. Eight months ago Big Steel said it was going to revise its lists of extra charges to make them reflect actual costs more closely. That was carried out in the latest revision of extras and also in the base price changes. As a result, mill products are being price-ticketed on the new lists with due regard to costs.

• **F.O.B. Mill**—The new steel products prices were all quoted f.o.b. mill in line with the present method of pricing steel. However, all companies will quote delivered prices to customers who ask for them. These delivered prices now reflect actual transportation charges from mill to consumer destination.

If the steel industry succeeds in getting the Federal Trade Commission to approve a new pricing system, future delivered prices will be lower in some cases. Steel mills under the proposed system could absorb some freight charges in order to meet competition.



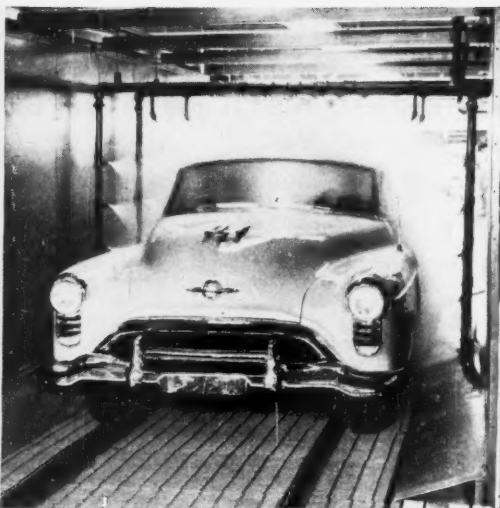
Living in Circles and Spirals

Housing developments are taking a spiral turn. This is the way tomorrow's apartment house will look, according to William Zeckendorf, president of Webb & Knapp, Inc., New York realtor. Architect I. M. Pei designed it so that, instead of going up in horizontal planes, it jogs up in a spiral, unit by unit. Bath, kitchen, elevator are

at the core; at the rim, each apartment has its own terrace. Zeckendorf's idea would be to rent on a square-foot basis, instead of the usual room basis. Then the tenant can put his walls where he wants them within his unit—or expand into a duplex or triplex by renting another unit up or down.



CONTROL PANEL lights flash when assembly line stoppage occurs. Olds' J. J. Edwards was chief designer of new plant.



SHOWER BATH drenches new Oldsmobile. As car leaves tunnel, inspectors check to see if doors, windows are water-tight.



TEST ROLLS check engine, transmission, rear axle, instruments. Cars are held captive while rear wheels spin steel rollers.

New Plant for New Olds

Auto assembly plants, to the surprise of many visitors, are one of the last strongholds of hand labor. Machines convey the bodies along, machines spray paint and tighten bolts, but men put the cars together.

Last week in Lansing, Mich., GM's Oldsmobile Division took the wraps off a brand new assembly plant. In this ultramodern layout, men still put the cars together, but now they are getting a lot more help from machines. For instance:

- Gas tanks are assembled in halves, then soldered by induction heating on semiautomatic machines.

- Tire and wheel assemblies are no longer manhandled. A conveyor now drops down and picks up completed assemblies automatically and moves them along to the main assembly line.

Olds is particularly proud of a new long-distance conveyor system that moves subassemblies and parts to the main assembly line. The conveyors cross from building to building on covered bridges.

The new Lansing plant ups Oldsmobile's hourly capacity from 72 to 80 cars. With it Olds hopes to turn out 350,000 cars in 1950, as compared with 1949's record 288,586.



ESCALATOR in new Olds plant moves workers from assembly area to cafeteria.

Employment Upswing Continues—But . . .

Can it absorb 600,000 workers in 1950? Yearend increase is more than expected, January drop will be less.

The upswing in employment that started late last summer rode right through the coal and steel strikes. It is still going on.

It is still true that there are more unemployed today than there were a year ago. And nonfarm employment hasn't reached the peak levels of 1948. But here is the silver lining: Things have been improving late this year; last winter they were deteriorating, and rapidly.

And one other thing. BUSINESS WEEK correspondents, probing the job situation this week, found both businessmen and employment service experts hopeful that the seasonal decline in employment after the turn of the year will be somewhat less than usual.

• **East Up**—All up and down the Atlantic seaboard, there has been improvement since last summer. In areas dominated by textiles, employment gains have been very substantial.

• **West Down**—The West Coast, on the other hand, has been encountering its postwar adjustment—later than most other sections of the country (aside from aircraft and shipbuilding, where the deflation came early and stayed late). Retail trade now is falling behind even pared-down expectations; nonfarm employment generally seems to be sliding a bit more than is normal at this season.

• **Center Stabilized**—Between the mountains that fence off the two seaboard, employment is rising—or has stabilized after a satisfactory autumn upturn.

In spite of the improvement, though, there is no dodging the fact that Congress will reconvene in 1950 against a background of rising unemployment. Stores and the service industries will lay people off after the Christmas rush. Construction, lumbering, and other outdoor work has entered the seasonal lull. And manufacturing isn't employing as many people as it did a year ago by a matter of about a million.

What Congress may do—or talk of doing—about this more-or-less seasonal unemployment will depend on the size of the rise.

• **Better Than Last Time**—A year ago, about 1.4-million jobs were washed out from December to January. Unemployment, at the same time, jumped by 700,000. (The difference is accounted for by people who aren't really members of the labor force but who take jobs temporarily in the holiday season.)

This year, the situation is healthier; Labor Dept. economists hope this year-

end's employment decline will be a quarter-million less than "normal"—and joblessness smaller proportionately. Last year's 1.4-million drop may have been worse than normal.

All in all, though, government experts aren't sticking their necks out too far in their job appraisals. Mostly they agree that employment in 1950 should at least match 1949. But it will have to be better than that to provide jobs for some 600,000 people who will join the labor force in 1950.

• **More People**—Failure to make jobs for the growing labor force was a factor in 1949 unemployment. About 4-million new job-seekers came on the labor market. 1949 was a year of declining job opportunities; new workers didn't find jobs or bumped older workers.

If the country were to fail, two years in a row, to absorb the natural growth of the labor force, then the glow of full employment certainly would begin to tarnish. That is why, around Washington, some predictions of late-1950 unemployment range from 44-million all the way to well over 5-million.

• **Optimism**—Out around the country, however, BUSINESS WEEK representatives find a bit more optimism. Plants that closed down earlier this year have reopened. Gradually they have built employment back toward earlier levels. They can't see any severe jolts immediately ahead of them.

Workers have been recalled to jobs in farm equipment plants in Springfield and Moline, Ill., within the last few days. Makers of heavy electrical appliances in Chicago have been hiring, and television is booming.

Employment in the St. Louis-East St. Louis industrial area has been picking up ever since August. Right now, state employment service officials say the situation is the most stable in many months, although there have been scattered layoffs of a seasonal character.

• **And Detroit**—Activity is stepping up in Detroit, after touching a postwar employment low in late November and early December. The Motor City now is geared for all-out production as far into 1950 as the market will take it.

• **But in Cleveland**—Cleveland isn't quite so optimistic. Material shortages, inventory closings, retooling, and model changes have caused some layoffs in big manufacturing plants. The estimate is that December layoffs total about 1,100 workers; hirings in transportation equipment, metal fabricating, chemicals, and textiles are absorbing

between 500 and 600. The total of Cleveland jobs has been slipping gradually since the end of September. And there are no indications that the first three or four months of 1950 will show any rise in jobs, other than the seasonal type.

• **Northeast**—Unemployment in New York State (and in New York City) has been declining ever since the June peak. There has been a temporary increase in new claims for unemployment compensation recently, but that is due solely to the seasonal slack in Gotham's garment trades. And, even though unemployment in the state is 60% higher than a year ago, the trend since summer is regarded as healthier.

New England, too, is shaking off some of its gloom. No important layoffs have been reported recently—although Connecticut's dress plants are feeling a seasonal slack somewhat ahead of time. Connecticut unemployment dropped from 86,500 in September to 61,300 in November. Good employment gains this fall have been noted in primary metals, instruments, clocks, and electrical equipment.

Rhode Island's experience is something like Connecticut's. Unemployment is down from 51,000 to 44,500. Textiles, primary metals, fabricated metals, machinery, rubber, and jewelry all have increased work forces. Textile mills are booked well into the New Year. But orders in other lines aren't too promising, and a post-Christmas bump always hits jewelry.

• **Southeast**—In the Southeast, prospects have been brightening steadily. Manufacturing employment in North Carolina now is 399,000 against 367,000 a year ago. Moreover, short workweeks no longer are the rule; jobholders are on full time. A less-than-seasonal decline in jobs is seen at the turn of the year, with the textile boom continuing well into 1950.

• **The Far West**—There's less optimism in California. Los Angeles reports seasonal hirings 15% to 25% behind last year, and San Francisco reports a slow but steady decline in employment over the last three months.

Unemployment has been rising in Washington, but most of the increase is seasonal—canning, lumbering, etc. But the gain in trade and service lines is less than last year; as in many other parts of the country, retailers are hiring fewer people (and some of them part-time) due to pinched profits. On top of that, Boeing has complicated Seattle's picture by a continuing reduction in its work force, which now is down to 19,000 from last summer's postwar peak of 26,000.

Exit Garbage Man

Jasper, Ind., solves its garbage problem: It will install GE kitchen disposal units to take place of garbage collector.

When a city government says it's illegal to install mechanical garbage-disposal units in homes, that's not news. Municipal opposition to the units has been a major marketing problem for appliance makers ever since they put their garbage grinders on sale. The main complaint has been that putting groundup garbage down the sink would overload the sewage lines or interfere with operation of sewage treatment plants.

When a city government promotes the sale and installation of home garbage-disposal equipment, however, that's real man-bites-dog copy. And that is just what the city government is doing this week in the 6,000-person town of Jasper, Ind.

• **Collection Trouble**—Jasper's mayor, Herbert Thyen, hit on the idea of kitchen disposal units for his city a couple of years ago. He figured that it would solve two problems—sanitation, and the yearly job of talking someone into accepting the garbage collecting contract. Collection costs had been rising steadily, and even with increased pay for the collector, Thyen had trouble finding anyone who would take the job.

This fall, Thyen sent out questionnaires to customers of Jasper's municipally owned light and water plants—to find out how they would feel about installing kitchen garbage-disposal units. Encouraged by the response, the city advertised for bids for enough units to supply everyone in town.

• **Bid Taken**—When the bids were opened this month, the offers ranged from \$35.19, not installed, to \$100, installed. The mayor and the city council tested the units by grinding up various types of garbage and examining the results. A week later Mayor Thyen said the city had accepted General Electric's bid for disposal units and would sign the contract as soon as it had signed up 60% of the 1,300-plus householders who use public power. Maximum price, installed: \$75 apiece. (The retail price for a single Disposal unit is about \$125.)

Already several dozen consumers have indicated that they are ready to order. Jasper's two banks will finance the unit for anyone who wants to buy on the instalment plan; and Jasper's new sewage-treatment plant, which will be able to handle the ground-up garbage, is nearing completion.



Nylon on His Chin

The old saint is being bearded in nylon this year. His shining new hair-do can be washed and combed and curled. And there's no fire hazard—nylon just melts in heat, doesn't blaze. Meyer Jacoby, New York, who has been in the wig and false whiskers business for 40 years, sells the nylon sets for \$20 to \$25 retail.

Chain Reaction Indicated On Farm Crop Controls

The merry-go-round on production controls for farm crops is under way.

This year controls were in effect on three crops—cotton, tobacco, and peanuts. Next year, three grains—corn, rice, and wheat—will also be under control; that's because export demand is no longer absorbing the excess part of the mountainous postwar grain crops.

• **Still Surplus**—This week the Dept. of Agriculture put out its first forecast on next year's winter wheat crop. It showed pretty clearly that controls on more crops are in the offing—and that, despite controls, farm surpluses will be piling up. The gist of the report:

(1) Although winter wheat acreage will be down 15%, in accordance with farmer-approved allotments, growers will probably reap within 2% of the bushels they grew this year. Agriculture Dept. expects output per acre to rise from 14.5 bu. this year to 16.7 bu. That's because, when farmers have to limit their planting, they use their best acres for wheat.

(2) Farmers are growing rye on fields not sowed to wheat. That will boost winter rye acreage by 12%.

Other grain farmers will be switching to soybeans, flaxseed, or grain sorghums; that may bring controls for these crops too in 1951.

How to Read Fast

Experts have learned to double people's reading speed, but teachers are scarce. New machine takes their place.

Do you read fast? Do you read well?

Offhand, you would probably answer yes to both questions. But there's a good chance that a reading expert would tell you you were wrong. Surveys indicate that most adults read no better than a seventh-grader. Most people can read only 150 to 200 words a minute; few college graduates read faster than 350 to 450 words a minute.

But isn't the slow reader the careful reader? Isn't the fast reader sloppy, and doesn't he miss important facts? Definitely not. In reading tests, the rapid readers invariably score higher on understanding of what they have read than the slow readers.

• **Cost-Cutting Opportunity**—Most executives know the importance to them of fast, accurate reading—in just keeping abreast of the mountains of printed material that passes over their desks. But good reading is also important in many lesser jobs: secretarial work, filing, proof-reading, inspection, sorting, accounting, computing. You probably have just average readers in those jobs. If you do, that might be a field for cost-cutting. How? By teaching them how to read faster and better.

Most big colleges and universities, recognizing that lack of reading skill is a big handicap to students, have set up reader-training courses. But, despite growing interest in the subject by businessmen, few such courses are available outside of the colleges. Reason: lack of trained teachers.

• **Teaching Machine**—Now, however, you can get a machine that will help teach your employees to read better, with a minimum of trained guidance personnel. The "Reading Rate Accelerator" is being brought out by Science Research Associates, Chicago publisher of psychological-testing materials and placement tests for schools and businesses. It was developed by Elizabeth A. Simpson, director of the Adult Reading Service of Chicago's Illinois Institute of Technology—one of the few adult reading clinics now in existence.

The Accelerator is a portable, desk-top-size machine. Its principal part is a mechanical shutter that moves down over a page of reading matter at a preset words-per-minute rate. The reader is forced to keep ahead of the shutter, in doing that, he learns to boost his reading speed.

• **Service-Tested**—The Adult Reading Service has used the Accelerator in read-

ing courses for the past two years. It has found that, with such training, even good readers can be taught to read more efficiently. Most people who have taken the course have more than doubled their reading rate—and at the same time have increased their understanding of what they read. A few have learned to read as fast as 2,000 to 2,400 words (two average pages of BUSINESS WEEK) per minute.

The course has numbered among its students: executives of businesses and trade associations, lawyers, engineers, scientists, secretaries. At one Chicago drug company, the employees' study club has organized classes, led by instructors from the Reading Service, for executives, chemists, and laboratory technicians.

• **Cost**—The machine costs \$65. A comprehensive reading-training manual comes with it. Detailed information about using the machine in training courses is available from Science Research Associates.

Smear Campaign Hits Tourist Business

Is the City of the Angels really a City of the Devil?

"Yes," says a mysterious crank who has been deluging chambers of commerce all over the country with smear postcards telling them to warn tourists away from Los Angeles because of "rampant crime and corruption."

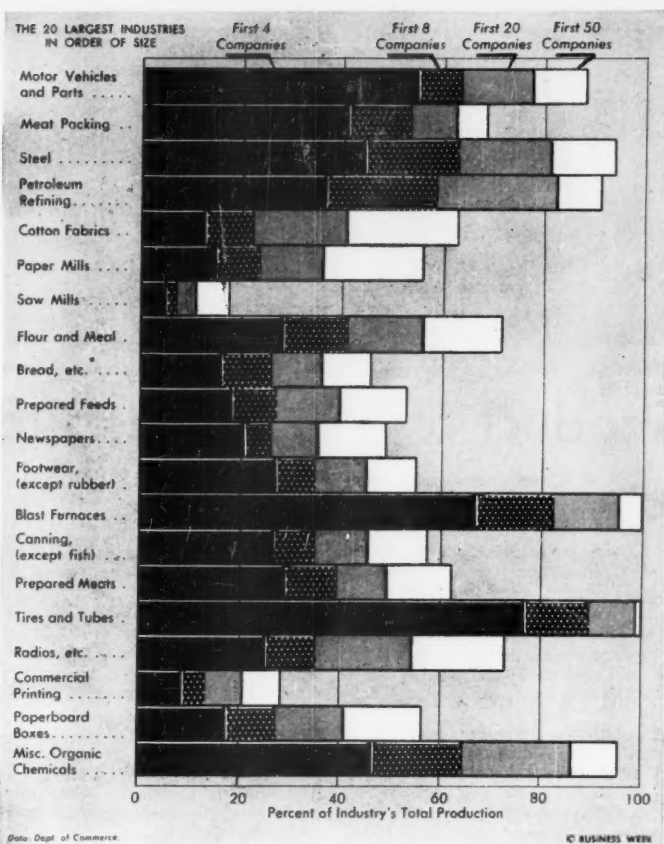
"No," say Los Angeles officials, who see the postcards as a definite threat to their \$400-million-a-year tourist business.

• **Mystery**—The cards didn't come from San Francisco or Miami, either. They were postmarked San Diego. Los Angeles police thought they had their man when postal authorities picked up a 56-year-old local janitor named Charles Janson. Janson denied addressing the cards; handwriting experts said he did. But last week Janson was cleared of the charge, leaving the genesis of the cards a mystery.

The cards were signed by "The Public Relations Committee of the Los Angeles Citizens Safety Council in Cooperation with the National Tourists & Travelers Assn." The Los Angeles Chamber of Commerce says there is no such thing.

• **Text**—"Law and order," the cards began, "no longer exist in . . . Los Angeles. Thieves, criminals, murderers, and the Underworld are in full control of the Police Dept. . . . Crimes of violence . . . are of daily occurrence."

Tourists, travelers, "and all others" were urged "NOT TO COME OR VISIT Los Angeles until such time as law and order are restored."



How Concentrated Is Industry?

Oligopoly has taken its place beside monopoly in the antitrusters' lexicon of nasty words. They define it as control of an industry by a few companies; monopoly means control by one company. The Justice Dept. and—particularly—the Federal Trade Commission have gone to some length to prove that many industries are controlled by their three or four biggest companies.

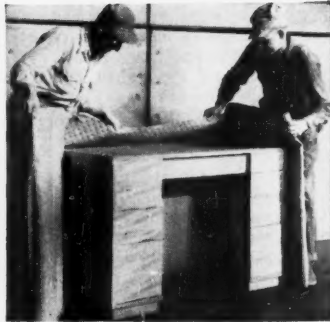
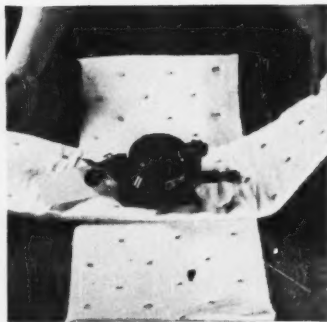
Just how extensive is this "control"? Some new answers to that question have just come to light. A report by the Commerce Dept. shows, for each of 452 industries, the degree of concentration in the biggest companies. Its figures are based on the value of each industry's production, as by the 1947 Census of Manufactures.

In 150 of the 452 industries, Commerce found, the top four companies accounted for more than half of the total production; in 46 of them, the Big Four accounted for more than 75%. In the nation's biggest industries the

degree of concentration was smaller. In 1947 there were 38 industries whose products were valued at \$1-billion or more; in only 7 of these did the top four companies turn out half or more of the total production.

The last time Commerce made a similar study based on Census data was in 1935. Since then the Census classification of industries has been changed radically, so that comparison is possible for only 130 of the present 452 industries. Of these, 72 showed a decrease in concentration since before the war; 58 showed an increase. In industries producing more than \$500-million, there were more increases.

Spotlight: Earlier this year FTC made a similar study, but based its figures on total value of assets rather than on production (BW—Sep. 24 '49, p. 81). In almost every industry where comparison is possible, the Commerce figures show considerably less concentration than the commission's report.



Kimsul for building insulation and two kinds of Kimpak that safeguard anything in transit help keep Kimberly-Clark ahead of the pack.

Product Switch Proves Profit Booster

Old-time newsprint maker gets drop on specialty market—then does it again with industrial wadding.

Early next month, a company that isn't much interested in newsprint will begin operating a newsprint mill in an area that isn't noted for newsprint. The company is Kimberly-Clark Corp., a leading producer of specialty papers, but not of newsprint; the plant is Coosa River Newsprint Co., at Coosa Pines, Ala.

Coosa River is the second such plant ever to be located in the South. Most of the money behind it came from Southern Newspaper Publishers Assn.—whose members until now have had to bring most of their newsprint in from Canada. Once the plant reaches capacity output it will put 100,000 tons a year practically at their doorsteps.

• **Object: Pulp**—To Kimberly-Clark, the important thing is that the mill will also produce a surplus 140 tons of sulphate pulp a day. By putting up one-fifth of the capital, K-C gets this pulp for its creped-wadding plant at Memphis, Tenn.

Kimberly-Clark isn't interested in getting back into newsprint or any other highly competitive staple paper product. Except for Spruce Falls Power & Paper Co., at Kapuskasing, Ont., a newsprint mill which it owns jointly with the New York Times, K-C has been out of the business since 1916. That was when the company decided to quit competing for the staple paper market and turned most of its productive capacity to meeting untapped demands for book paper and for a new line of products that began with Kotex and eventually included Kleenex, Kimsul, Kimpreg, and others.

• **Milestone**—Opening of the Coosa River is another milestone in K-C's development. It's the windup of the company's big postwar expansion program. By spending about \$66-million, K-C has

boosted its pulp production by 57%, increased book paper output by 32%, and wadding tonnage by 68%.

As a result, today Kimberly-Clark's mills turn out about one-fifth of all U. S. machine-coated book paper (the kind used in magazines) and enough cellulose wadding to make it No. 1 producer in the country.

• **Less Competitive**—But back in 1872 when the company got its start, it was strictly a newsprint maker. Gradually it began turning toward less competitive products, adding wrapping paper, book paper, stationery, and other specialties—but newsprint was still its top item. Continuing its search for new non-competitive products, K-C hired Ernst Mahler, an Austrian paper chemist to set up a research and technical control program. In 1914, Mahler, who is now K-C's executive vice-president, and J. C. Kimberly, a son of the founder, brought back from Europe two products unknown in the U. S.: bleached-groundwood book paper and a fluffy paper wadding more absorbent than cotton.

A year later, K-C began manufacturing these in its own plants. And that's when the company completed its switch from newsprint and other staples to specialty paper products.

• **Printers' Answer**—Plenty of buyers were available for the new groundwood book paper. Newspapers, magazines, and other mass-production printers were looking for a good-quality, low-priced paper for rotogravure processes—and this was it.

Meanwhile, "Cellucotton," which identifies the company's creped wadding, was growing into dozens of trademarked products developed in K-C's research labs—first Kotex sanitary napkins, later Kleenex tissues, Delsey toilet tissues, and Sanck strips. But marketing

them through retail outlets was a tough job for a concern used to selling newsprint by the ton.

• **Marketing**—To get around that snag, Kimberly-Clark set up Cellucotton Products Co., to handle the marketing angle. Later, in 1927, a separate corporation, International Cellucotton Products Co., was created, and its stock was distributed to K-C shareholders.

Under a long-term contract, K-C manufactures and converts sanitary products for International, whose sales in 1948 totaled more than \$90-million.

• **Payoff**—The switch from the highly competitive staple items to creped wadding and coated book papers paid off. In 1929 sales hit a peak \$21.8-million, and, though they fell to \$13.2-million in 1932, three years later they were back up to \$20-million.

But by the mid-thirties, other manufacturers were moving into the sanitary wadding market. So K-C came out with another line of new products, a brand new line of industrial waddings. Just before the war, it introduced Kimsul, a building insulation material, and Kimwipes, an industrial wiping tissue used by instrument and lens makers.

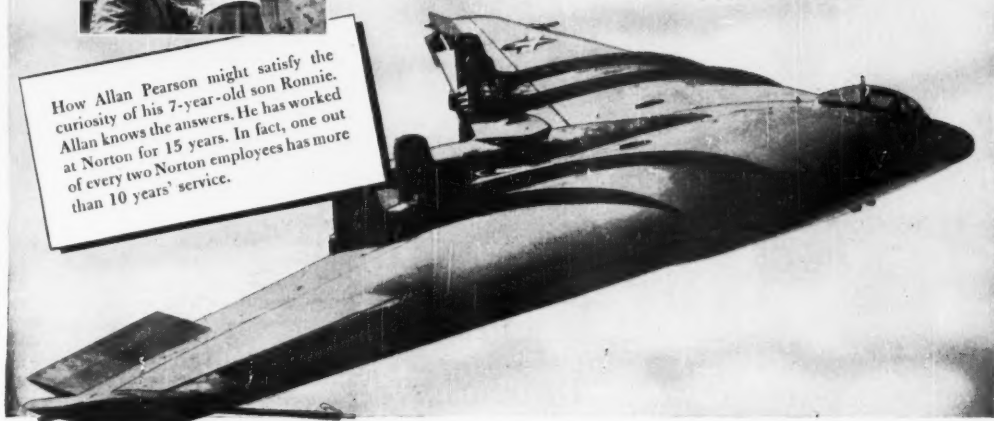
• **War Babies**—During the war, Kimpak was developed for protective packaging of materials in shipment. This was followed a short time later by Kimpreg, a resin-impregnated paper and plastic used for plywood surfacing and as plastic core stock.

K-C markets these new items on its own—through construction material outlets, coarse paper and specialty houses, and users. International has no part in these operations.

• **Jackpot**—And again the switch is paying off. In the five years since K-C's expansion program began, sales volume has doubled. In 1948, sales hit \$117.6-million and profits set a new record of \$8.3-million, or \$5.02 a common share against \$7.2 million or \$4.29 a year before.



How Allan Pearson might satisfy the curiosity of his 7-year-old son Ronnie. Allan knows the answers. He has worked at Norton for 15 years. In fact, one out of every two Norton employees has more than 10 years' service.

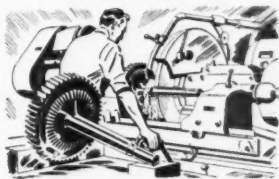


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"Then those engine parts are shaped smooth and true by Norton grinding wheels. And those parts fit each other just right. That's because of the sure finishing touch of Norton grinding wheels and machines.



"And when that giant lands, it lands safely because Norton engineering created a special grinding machine that helps make the landing gears' odd-shaped parts fit true and tight and strong."



"Yes, Ronnie, Norton helps make airplanes better. Other products, too. In fact, there's hardly anything man makes that doesn't get a lift from Norton somewhere along the line. That's why I'm proud of my job of making better products to make other products better."

NORTON

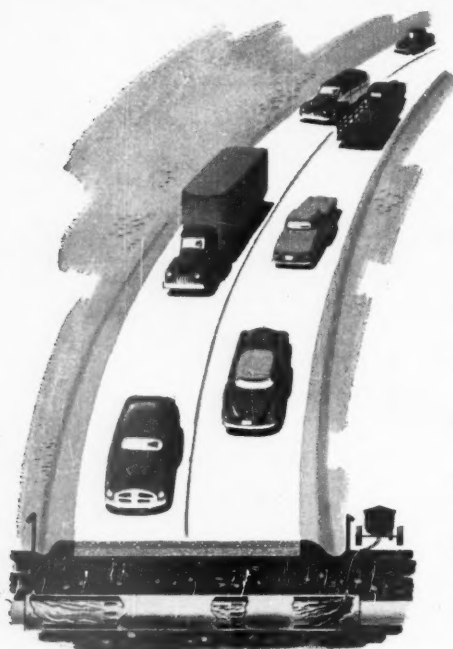
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BUSINESS BRIEFS

Du Pont has asked SEC for permission to buy General Motors' 49% interest in Kinetic Chemicals, Inc. Sale price: about \$9.7-million. Du Pont already owns 51% of the company, which makes Freon gas for refrigerators.

A 10-day furlough has been ordered for 2,575 B&O R. R. workers because of "subnormal business conditions. . . ." About 4,600 of the 13,000 employees laid off earlier are still out of work.

Lowest export balance in 34 years showed up in the third quarter. Overseas shipments topped imports by only about \$1.2-billion. Drop in exports caused most of the shift from the second-quarter balance of \$2-billion.

Seattle will celebrate its 100th birthday from Nov. 13, 1951, through the summer of 1952. George Gunn, Jr., one-time head of Kirsten Pipe Co. (BW—Feb. 12 '49, p. 38), is in charge of centennial plans.

Lustron's backlog of unsold houses (BW—Oct. 29 '49, p. 25) is about cleaned up. Only eight completed houses are in inventory; production is running eight to ten homes a day.

Pan Am's Holy Year tours (BW—Dec. 17 '49, p. 54) have run into trouble. TWA has (1) filed suit in district court to restrain Pan Am from flying charter planes to Rome, and (2) sent a formal complaint to the Civil Aeronautics Board. TWA holds the only certificate for U.S.-Rome service.

Nash's lower-priced car (BW—Oct. 15 '49, p. 26) was confirmed by the company this week. But the auto maker won't talk about details.

Race-ban pacts may have to be reviewed again by the U.S. Supreme Court. Last year the court held that real estate deeds that bar sale or lease of property to Negroes or others couldn't be enforced at law. Now the Missouri Supreme Court has raised the issue again. It ruled that a lower court could hear cases for damages caused by a breach of one of the restrictive pacts.

Cudahy Packing will move its general offices next year from Chicago to Omaha, site of its main plant.

Georgia got a setback in its drive to collect income taxes from out-of-state corporations. A lower court ruled that the fact that Dan River Mills has a sales office in Atlanta doesn't mean it does business in the state.

PROGRESS IN THE FIGHT AGAINST TUBERCULOSIS

THE OUTLOOK for controlling tuberculosis grows brighter each year. In fact the death rate from this disease has declined more than 80 per cent since 1900 and more than one third from 1940 through 1948.

Authorities emphasize, however, that continued improvement in the mortality from tuberculosis depends upon finding every case, treating it promptly, and preventing the spread of infection to others. They also hope that further technological developments will prove valuable in the treatment of this disease.



**Efforts toward
early discovery**

New tuberculosis cases are being discovered in greater numbers than heretofore as a result of modern diagnostic techniques. In fact, during the past 8 years, the number of

new cases actually reported increased by nearly one third. This reflects the progress that physicians, health authorities, and others are making in their efforts to discover tuberculosis early. For example, some ten million people in our country are now being X-rayed each year to help protect themselves and their families.



In addition to X-rays, other diagnostic aids such as tuberculin tests and fluoroscopic examinations make it possible to discover tuberculosis in its early stages and commence treatment before it spreads.

Old and New Weapons help in the fight

Rest in bed, preferably in a sanatorium or tuberculosis hospital, is still considered to be an important method of treatment. The use of surgery in some tuberculosis cases has proved to be beneficial; in fact,

there are now several operations which may, under proper conditions, help give diseased lung areas extra rest.



There is evidence that the next great advance against tuberculosis may come through treatment with new drugs. One type has already been used successfully in some forms of the disease. Other promising drugs are being tested in the laboratory.

Experiments with a vaccine offer the hope that its use will help certain individuals to build resistance against this disease.



If tuberculosis is discovered early, and treated promptly and properly, there is an excellent chance that it can be controlled. In this event the patient who carefully follows his doctor's advice and adjusts his living habits accordingly can generally return to a nearly normal life.

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APRIL • 1949

CARD CLOTHING NEWS and views

WRITTEN MONTHLY BY E. A. SHAPE, JR., PRESIDENT Benjamin Booth Company PHILA., PA.

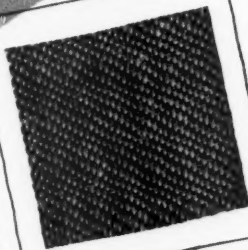
STRIP-O-MATIC A New Word That Means Better Carding With A Minimum Of Stripping!

WHEN you hear of anything new in the textile industry, you are naturally "all ears" because it may be a means of saving you time, labor, and money over your present set-up. Such a new product is **STRIP-O-MATIC**, the new Booth flexible card clothing that runs virtually without stripping and at the same time cards better and lasts longer than the conventional type.

STRIP-O-MATIC should not be looked upon as merely an improvement over other card clothing. It is far more than that. It is essentially a new development in card clothing that was non-existent until designed by Booth. That is why we are so enthusiastic about our new "baby."

How did we achieve this revolutionary card clothing, you may ask. And rightfully so. Because it is amazing that after all these years, what seemed an impossibility is now an accomplished fact. Our answer is: a combination of ideas, with every "spec" worked out in detail.

Take the shape of the wire, for instance. Streamlined, it has a definite ratio of length to width, and is shaped like a torpedo. It enables us to give you sufficient points transversely while eliminating points longitudinally. This is true because the wire is fine gauge in width and can be set as close as fine round wire. It is extra strong, and will not lose pitch or bend backward, even though there are many fewer teeth per inch lengthwise. The greater amount of uninterrupted open space permits free



movement of stock in and out of the wire.

The foundation (so strong) and the plastic face (so resistant to elements in solution), certainly play no less an important part in making **STRIP-O-MATIC** almost self-stripping, economical to put on and maintain, and saving in labor, "down time," and stripping waste.

We promise you a never-to-be-forgotten experience in Carding by ordering today a sufficient quantity for a practical trial. You'll be amazed at the results.

*Pat. applied for.

May we hear from you?
Thanks,

E. A. Shape, Jr.

President, Benjamin Booth Company

SELLING *at work*

MECHANIZED SELLING MAKES CONTACTS.

This advertisement for the Benjamin Booth Company of Philadelphia is a working example of Mechanized Selling. Part of a series started in Textile World in April, this advertisement (and Mechanized Selling is Advertising) told prospects *who* and *where* the Benjamin Booth Company is, and *what* their new Strip-O-Matic product can do.

MECHANIZED SELLING AROUSES INTEREST.

Although he received many inquiries, Mr. E. A. Snape, Jr., President, was puzzled because few were from regular Booth customers. But he was reassured when salesmen's reports began to come in. "Everybody in my territory knew about Strip-O-Matic," they wrote, "all my old customers were just waiting for me to arrive to tell them more." Why? Because Mechanized Selling had told the prospect what Strip-O-Matic looks like, how it works, what its chief advantages are. What a time saver for Booth salesmen!

Have you read "Orders and How They Grow"? It's a fast-moving, 24-page booklet that talks about Mechanized Selling in the language of the man who needs it most—your salesman. We'll be happy to send you a copy. Ask us today!

**Mc GRAW-HILL
PUBLICATIONS**

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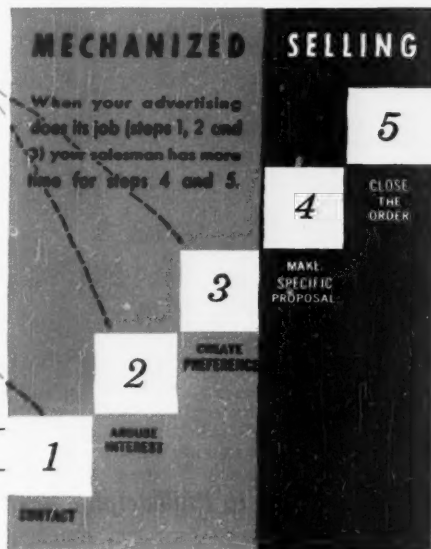
HEADQUARTERS FOR
BUSINESS INFORMATION

MECHANIZED SELLING CREATES PREFERENCE.

Stressing the cost- and time-saving advantages of the new Strip-O-Matic product, these advertisements created a favorable regard in the prospect's mind. The series opened doors for Booth salesmen to apply precious selling time and specialized ability where they could do the most good. Mechanized Selling lightened the burden the salesman has to carry when he climbs those first three steps alone.

That's Mechanized Selling At Work!

YOUR SALESMAN is the most important, and the most expensive, factor in your sales program. Give him the support and time he needs to climb those last two vital steps to a sale! By freeing him from preliminary chores, Mechanized Selling helps your salesman to concentrate on the final steps that get the order. You save dollars in selling costs when you tell your story through Mechanized Selling at a cost you count in pennies per contact.





In Philadelphia nearly everybody reads The Bulletin

Evening and Sunday

LABOR

What Will Labor Go After Next?

Broader welfare benefits, probably; new pension and insurance contracts are just a start. Wage demands take back seat.

Management men now refer to 1949 social welfare negotiations as the "first round": They expect their unions to come back with new social demands when contracts open up again.

They have sound reasons for thinking so. Clearly, union policy has shifted. For CIO's industrial unions, in particular, the big fight for higher wages ended after three rounds. Bargaining in 1949 opened up a new drive—for social welfare. And pension and insurance settlements are just a starter.

You can already see "second round" demands shaping up in the labor press.

• **Goals**—Unions are telling members that they should shoot for these objectives—at both short or long range:

(1) Get the contributory feature out of insurance plans. This year, many unions signed up for plans in which employers and employees split the costs. But recently, unions have veered away from this. They have demanded that employers foot the whole bill. The unions also want more insurance.

(2) Get the new noncontributory pensions on an industrywide basis—to do away with what unions call the "weaknesses of the steel industry's pension system." Some of the union complaints: Current plans freeze workers to jobs; they depend too much on the prosperity of a single employer; and they aren't really "adequate."

(3) Get disability pay for those who can't continue working—payable whether the disability is due to accident, illness, or declining physical condition.

(4) Press for a shorter work week: AFL mentions an "ideal" 35-hour week; CIO talks about a cut to 30 hours a week. Both have the same idea: Rising productivity will mean fewer jobs unless workers get more time off.

(5) Urge longer vacations: Unions are talking up paid vacations of at least two weeks after one year.

(6) Get severance pay, based on length of service, to cushion the hard times that come with long layoffs or with dismissals for economic causes.

• **Longer Term**—Besides all these, unions are still talking up a pet project: work-guarantee plans—to insure either a certain number of weeks of work a year (frequently, 40 weeks a year) or

a certain number of hours of work each week.

• **Little About a Raise**—So far, the unions are saying very little in the labor press about a boost in hourly pay. That's because the cost of living is keeping fairly even. If it rises, wage demands will start up again. And enough contracts have pay reopenings in 1950 to make a potent wage drive possible.

• **New Pension Ideas**—The demands that labor circles are kicking around the most right now deal with pensions.

For instance, the United Auto Workers (CIO) already wants more advantageous age and seniority provisions than it gets in its Ford contract. It wants pensions to begin in the auto industry after 25 years' work, regardless of age. UAW will underscore

this demand in forthcoming pension talks with General Motors.

UAW also wants pensions put on an industrywide, or regional, basis—so that a worker can keep his pension credits if he shifts from one employer to another. The union thinks that's especially important for employees of small companies. It doesn't want the worker to lose pension rights if he quits or if his employer goes out of business.

CIO's Textile Workers Union of America is another that has as an ultimate goal "a pension . . . which a worker takes with him no matter where he goes." It argues: "It is reasonable to assume that Bethlehem, U.S. Steel, General Motors, and General Electric will be in business 35 years from now. We can't be so sure about textile companies." TWUVA says it might be willing to gamble on the survival of some, but "there are many which are clearly poor risks."

Other unions that bargain with a lot of small employers echo that sentiment. So, more and more, they are studying ways of adapting pension plans such as that of the Amalgamated Clothing Workers of America (CIO) which covers all workers who have spent a given number of years in the industry, no matter what shops employed them.

Another union talking point now is a "\$100-a-month minimum pension" from employers—not including social security payments. The unions have in mind the growing pressure in Washington to up social security benefits. They argue this way: Management should add \$100, at least, to what retiring workers get from social security—not get off for smaller pension guarantees if and when federal social security checks go up.

• **For Some: Truces**—Many big employers don't have to worry about new demands in 1950—unless their unions can pull a rabbit out of a hat, produce some gimmick to open up closed contracts.

Major steel employers bulwarked themselves against new demands by insisting that: (1) Pension contract clauses can't be touched until 1955; (2) insurance provisions stay as is until 1952; and (3) wages stick at 1949 levels through 1950. Social welfare contracts in other industries followed a similar pattern.

But employers who haven't signed up yet may find they're up against changed demands in 1950.



ICFTU Chief

Jacobus Hendrik Oldenbroek, a veteran Dutch union leader, will steer the new anti-Communist International Confederation of Free Trade Unions. A near-unanimous choice for the post of secretary-general, he had the backing of U.S., British, Socialist, and Catholic unions. Oldenbroek will set up ICFTU offices in the Belgian capital—a compromise choice at the close of a 12-day organizing session (BW—Dec. 17'49,p88).

5½ Miles of WEBSTER BASEBOARD HEATING

Heating for the \$5,500,000 Meadowbrook Apartments, Indianapolis, Ind., is Webster Baseboard Heating—5½ miles of it.

"The sponsors were convinced after a thorough investigation, that Webster Baseboard Heating would provide the best type of heating at a reasonable cost for Meadowbrook tenants." So says Alvin Jones, president of Meadowbrook Corporation.



View of Meadowbrook Apartments, Indianapolis, consisting of 648 units. Owners: Meadowbrook Sponsors. Architects and Engineers: Allen and Kelley. General Contractor: Mars Engineering, Inc. Heating and Plumbing: Frey Brothers, Inc. Electrical Contractor: Hatfield Electric Co. All of Indianapolis, Ind.

Financing was provided by a \$4,792,500 loan from John Hancock Life Insurance Company of Boston, insured under FHA 608.

With floors, walls and ceilings evenly warmed by genuine, perfected Webster Baseboard Heating, Meadowbrook Apartments heating costs are kept to a minimum. 72° room temperatures are maintained easily even in the coldest weather. It is *clean* heat, *connected* heat . . . radiant heat in its most practical form. Owners look forward to minimum fuel costs.

Whether it is heating for an individual residence, a group of homes, or a garden apartment, get the facts about Webster Baseboard Heating. Ask for booklet "Questions and Answers about Webster Baseboard Heating."

Address Dept. BW-12

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Webster
BASEBOARD
HEATING



IN AGREEMENT: Tobin and Truman think unemployment benefits need jacking up.

Fair Deal Wants More for Jobless

Truman will ask Congress for bigger unemployment benefits, longer periods of payments. Aim is to get back to prewar standard.

The 81st Congress will get a fresh labor issue when it reconvenes next month. President Truman thinks it's time to jack up unemployment insurance.

• **Back to Postwar**—The President's proposal is in line with two other White House moves this year to put wage and welfare laws on a postwar basis. At presidential urging, Congress raised the minimum hourly wage from 40¢ to 75¢, effective Jan. 25. A proposal to hike social security benefits by an average of 70% passed the House and is awaiting Senate action.

Truman thinks that unemployment pay, like the old minimum wage and federal pension, is outdated. Rising costs have sharply cut its effectiveness. So for the last few weeks Secretary of Labor Maurice Tobin has been plugging for changes—including new nationwide minimum standards for unemployment compensation.

• **Complaints**—Government employment experts have three general complaints about the present compensation law:

(1) It doesn't pay enough each week. The \$20 average payment, for all states, covers only 38% of lost wages. The objective of the law when it was passed in 1935 was to cover half of the lost wages of the unemployed worker.

(2) It doesn't pay long enough. More than 500,000 (34% of the total) unemployed in July, August, and September had their benefits cut off before they resumed working. Federal employment men think that the period of payments should be stretched so that no more than 25% of all claims would run out before reemployment.

(3) Not enough jobless get compensation. Only seven out of ten workers are now covered. Yet the need for unemployment insurance is increasing. The 3.4-million unemployed in November were double the number a year ago. The total will rise seasonally in January and February (page 23). After that, a slow, steady rise in unemployment is expected because of increased productivity and inability of industry to absorb a labor force with a growth of 600,000 a year.

• **Payments and Periods**—Truman roughed out what he wants in his mid-year economic report last July. He called for jobless pay running for at least 26 weeks, with benefits of as much as \$30 for unmarried workers. He also asked for additional payments for workers' dependents.

Truman also wants unemployment compensation coverage extended beyond the present 33-million workers. Domestic, self-employed, and farm

workers are now exempt. Truman wants the law broadened to cover at least part of them.

Thirteen states already provide up to 26 weeks of unemployment compensation, under certain circumstances. Only one, New York, gives that many weeks to all eligible unemployed, regardless of earnings or length of previous employment. Twenty weeks or less is tops for 29 states. Arizona won't pay beyond 12 weeks.

Top benefit for an unmarried worker is now \$26. Most states (22 of them) pay up to \$25. Another big cluster, 17, pay up to \$20.

Married workers collect more. And 11 states (seven of them beginning this year) provide additional payments for workers' dependents.

• **Reinsurance**—Besides changes in the amount and length of payments, the President's program also calls for a federal reinsurance fund. Specifically, Truman wants an extension of the George act, which expires Dec. 31. If he gets it, he could appropriate excess administrative funds as grants to states whose funds might be depleted because of the higher benefits.

This fund would amount to almost \$1-billion. It is the difference between the three-tenths of 1% payroll tax collected by the government for federal and state administrative uses, and the amount which has actually been spent.

Robert C. Goodwin, director of Social Security's Bureau of Employment Security, figures that the funds of most states are solvent, despite this year's increased claims. But a few funds, he believes, might run into trouble and need reinsurance if benefits are hiked.

Payments to the unemployed doubled in the year ended Sept. 30. But total reserves held in the accounts of the states dropped only about 5% (from \$7.4-billion to \$7.1-billion) during the year.

• **Stumbling Block**—The federal-state arrangement on unemployment insurance may be a stumbling block for the Administration in its drive for bigger benefits. Insurance systems are now run by the states, with the government exercising controls by fixing minimum standards which the states must meet.

The controls by Washington already are a sore subject in many state capitals. Any jiggering of the federal unemployment compensation law that changes state jobless-pay policy is sure to cause another "states rights" battle in Congress.

The Pictures—Acme—33; Ed Burks—20; Lynn Crawford—24; Eastern—53 (rt.); Int. News—34; Wide World—36, 53 (lt.), 57.



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Think how you'd profit from P-A-X—your own business telephone system! You'd have P-A-X telephones throughout your organization, wherever they're needed for *inside* calls. They'd never be busied by calls on your "city" lines, because P-A-X is entirely separate. And because P-A-X is automatic, you'd always get inside telephone service in seconds, anywhere in your organization. You'd have the kind of telephone service that contributes most to efficiency!

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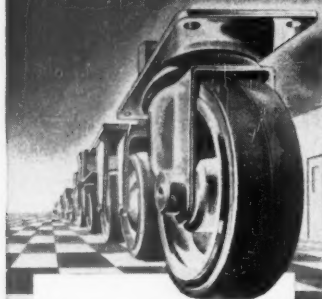
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It's Not All UMW

Coal output by non-UMW miners shows gain. Operators with Lewis contracts are worried that they may lose customers.

It doesn't always take a John L. Lewis coal miner to fill a bin. Non-union miners now dig about 20% of the nation's coal output. And when you count in coal mined by unions other than Lewis' United Mine Workers, the tonnage runs much higher.

What's more, mining by non-UMW workers is gaining steadily. Not enough, yet, to bother Lewis seriously, but enough to worry many employers who have contracts with Lewis. They're wondering: Will non-UMW employers, who don't have to stop and go at Lewis' word, take over customers previously served by UMW mines?

• **Real Threat**—Most admit it's a very real possibility—if non-UMW mines keep up production gains made in the last few years.

So coal operators, who are used to having Lewis tell them how (and when) to run their mines, spoke back to him last week. They expressed "genuine alarm" over the amount of non-UMW coal that is reaching the market. It's a growing threat, they said, to union mines and workers.

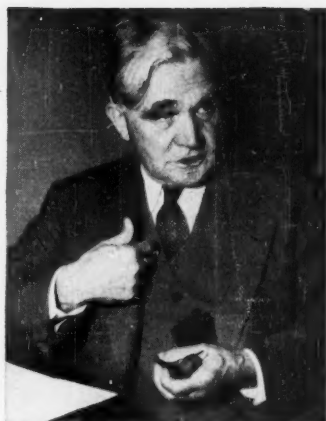
• **Non-UMW**—Much of the increased non-UMW tonnage is coming from strip mines. With a few exceptions, the strip mines are organized by AFL craft unions. And they're running full blast right now.

Mines under contract with the small Progressive Miners of America also are operating five- and six-day weeks. And many underground mines are running without any union.

Uncertainty about production in UMW mines has given a boost to these strictly nonunion operators. They opened up (mostly at UMW rates and with union working conditions) to tap the big market for a sure coal supply.

• **Figures**—Last week, a group of important UMW operators took a critical look at the coal fields. They reported 25% of all operating mines are now nonunion in Kentucky; about 26% in Central Pennsylvania; 35% in Ohio; and 31% in Illinois. In northern West Virginia, they reported, nonunion coal production climbed from 798,779 tons in 1938 (3.5% of the state total) to 10.7-million tons (22.6%) last year.

Operators are telling each other: It's about time either to break with UMW or—perhaps more realistically—to hope that Lewis comes through the current dispute still strong enough to move in on the non-UMW operators.



Wanted: Recognition

Coal mine operators want Charles I. Dawson (above) as legal trustee for the United Mine Workers' welfare fund. John L. Lewis won't have him. So this week Dawson, former federal judge in Louisville, asked a U.S. District Court to compel Lewis to deal with him.

Meanwhile, northern coal men decided to continue payments into the fund, despite the row and Lewis' short work week. And Lewis got a few more small employers to agree on the union's terms for new contracts—and a full work week.

LABOR BRIEFS

Communists are barred from jobs at Stewart Warner Corp.'s main plant in Chicago under new policy announced this week. Employees will be asked to swear that they are not and have not been party members or supporters. Refusal to sign will bring immediate dismissal.

Vending machines installed by the Texas & Pacific Ry. for employees paid \$27.335 into a fund for worker activities. An employee disbursing committee decides what to do with the money.

Grievance handling is a problem for employers caught between UE and IUE (CIO) claims of bargaining rights. Westinghouse's solution: invite the worker to file his own grievance. Both unions can attend hearings.

First major pact for CIO's new electrical union, IUE, provides for a \$100-a-month noncontributory pension plan at Philco Corp. Cost is 84¢ an hour per employee. Philco also agrees to study severance pay proposals.

PRODUCTION

40 Years Against the Giants

Railway & Industrial Engineering has had to compete with big business since it began making electrical equipment in 1910. Its formula: a good, specialized product; small, flexible organization.

About 40 years ago three men in a bowling alley started out to compete with Westinghouse and General Electric.

• **Switch Builders**—The men, A. W. Burke, H. C. Stier, and B. W. Kerr, called themselves Railway & Industrial Engineering Co. They pieced together the name from Westinghouse's railway sales division, where Burke had worked, and from the industrial sales division, where Stier had punched the clock.

At the start, Burke, was, in a sense, the company's reason for being. It was his idea for an electrical disconnect switch that put the partners in business. Burke's switch was a big improvement over the models then in use. It both simplified switch operation and made the equipment cheaper to use. In those days, three-bladed switches opened or closed one blade at a time. When power lines were under load, there was bound to be arcing. R&IE's design made it possible to open all three blades at once. And it shunted off what arcing current there was so it couldn't damage the contact points.

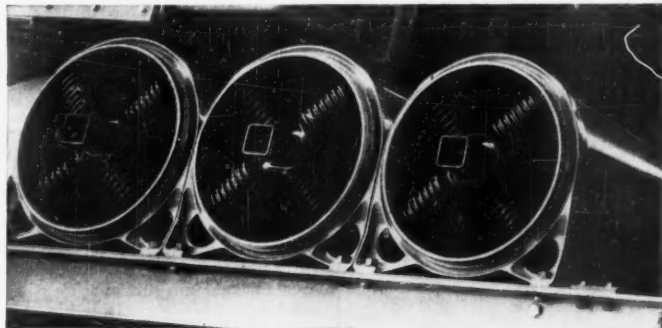
• **Specialized Flexibility**—The principle of the bowling-alley operation—a specialized product, carefully designed and engineered—is the main reason R&IE is the success it is today. Lump the idea of a specialized product with deliberate exploitation of the flexibility of a small organization and you have one way a little company can make a go of it in a field dominated by giants.

Just a few months ago, R&IE proved the soundness of its setup by snatching a \$500,000 contract away from its competitors. The contract covered high-power switching equipment for a new chemical plant. R&IE convinced the chemical people that the proposed equipment could be redesigned to do a better job and also to cost less. As a result, R&IE was able to underbid the field—and make a substantial profit for itself.

• **Coordination**—The key to the company's design development is coordination that ties 700 people in its departments into one close-knit unit. Designs fit neatly into shop operation because engineers know personally both the machines and the men who run them.

One unusual thing this close personal contact permits is that in R&IE salesmen are the only people to have contact with prospective customers. The sales force talks over the buyer's engineering and production problems. It passes along ideas and criticisms to the home-office staff. But engineers are kept from getting directly involved with the customer's problems.

• **Bus Bars**—Production of switchgear is only part of R&IE's operating diet. Outdoor bus bars—conductors that carry high currents in and around generating plants—have been a staple in the manufacturing scheme since the thirties. Up until then, most bus bars had little protection against arcing. Further, they



SHIELDED BUS BAR, an R&IE mainstay, is suspended on insulators inside a metal covering. Metal sheath protects conductor from dirt, guards against "shorts."



WHY? See how fresh and vital she is!

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If the work of your office staff lags from lunch time on, we suggest you ask your Sturgis dealer to demonstrate how Sturgis chairs actually increase office production.



Ever wondered how much bad sitting might be costing you? If you have—or even if you haven't—it might be a good idea to read our booklet, "The High Cost of Sitting". No charge—no obligation—just good common sense.

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Please send us a copy of your booklet, "The High Cost of Sitting."

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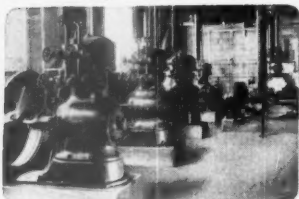
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Six Frick Compressors at Wendt's

Twenty-five years ago Edwin J. Wendt started in the milk business with one route and one small Frick refrigerating machine.

Today his new plant at Niagara Falls, N. Y., serves 18 routes, makes 1500 gal. of ice cream daily, has a wonderful dairy bar, and uses six Frick compressors—one a booster for low-temperature work. Installation by Mollenberg-Betz Machine Co., Frick Sales-Representatives in Buffalo.

Another proof that "the users of Frick Refrigeration make money." Put YOUR cooling problems up to the nearest Frick sales-engineer.



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more positive protection from fire loss with VIKING SPRINKLER SYSTEMS

On guard night and day, Viking Sprinkler Systems, like a crew of firemen, take immediate action against fire for you. Viking has engineered so completely that even the factor of "human failure" is prevented from interfering in protecting you from liability and loss due to fire.

Viking's unexcelled reputation as the developer of new methods and the improver of old methods of fire control offers you the last word in dependable, efficient protection. In addition, Viking Sprinkler Systems offer the tangible benefit of amortizing their initial cost quickly through reduced insurance rates.

Viking engineers for all types of hazards and installations. A conveniently located engineer will survey your requirements without obligation. Write for free bulletin.



SPRINKLER SYSTEMS

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THE VIKING CORPORATION

HASTINGS, MICHIGAN

gathered dust, which meant equipment had to be shut down periodically for cleaning. R&IE found a way to make a shielded bus bar and designed it so there could be no arcing or shorting between the bar and its protective cover.

The idea of the shielded bar withered on the vine until 1936. Then the very trouble that the bar was built to correct caused a power failure in a generating plant in New York City. R&IE salesmen beat a path to the plant, sold the idea of the new bar and walked out with a fat order.

• **Suspension the Thing**—From the outside, bus structures all look like long, enlarged tubes. But inside they are different. R&IE's main patents lie in the method it uses to suspend the bar within the shell.

This suspension is done with several support rings that divide the covering shell into removable sections. Within the support rings are four porcelain insulators, held at 90-deg. angles. These insulators are compressed against the bus bar by a threaded nut.

The main advantage of R&IE's insulated bar is that utility companies can string the bars side by side without danger of cross-arc-ing. Right now R&IE is working on an outdoor bar with a capacity of 69 kv.—more than twice the size of the models it has built up to now.

• **Switches**—Even though bus bars are a good part of the company's business, its bread and butter is still in disconnect switches. One of R&IE's prize developments is the tail-twisting rotary switch. Here opening and closing action causes a twisting motion of the blade arm. The rotation produces a high-pressure contact, and makes it easier to open an ice-covered switch. The switch's latest version, the TTR, carries the design a step farther. The flexible shunt wire that carried current over the hinge has been eliminated. The hinge itself now carries the current.

• **Growth**—Since its bowling-alley days, R&IE has grown from a partnership to a corporation, and finally to a subsidiary. The partnership gave way in 1912, in 1914 the company moved from Ligonier, Pa., to Greensburg, Pa., where it is today.

R&IE cut itself in for a healthy slice of the utilities business by supplying a packaged substation. It bought transformers and other equipment from outside companies and put them into a unit, which it sold by holding out its patented switches as bait.

The packaged job led R&IE into fabrication of structural steel members. Ultimately, company engineers developed all-aluminum structures for power substations where corrosion was a problem.

• **Merger**—In 1947, the handful of directors that held stock in R&IE merged

the company with I-T-E Circuit Breaker Co., Philadelphia. R&IE kept its own management, but the field sales forces of the two companies were combined.

I-T-E had been licensed for several years by R&IE to build isolated-phase structures for the low-voltage equipment field. Since R&IE's foundry was big enough to supply both companies, the merger meant an operating economy.

Despite the merger, R&IE is still essentially a little company. But it is a little company that sees annual shipments hovering around the \$7-million mark.

PRODUCTION BRIEFS

Six LST engines are being converted by the New York Central for use as spares on diesel locomotives.

Malleable-iron foundries may be headed for a boom, Dr. D. C. Williams, Ohio State University, thinks. Reason: the trend toward larger, one-piece castings for automobiles.

American Can has sold its galvanized-ware and heavy-steel-container plants to J & L Steel Barrel Co., a Jones & Laughlin subsidiary.

Sillimanite is under development by the Bureau of Mines for use as a refractory. A survey has shown that Georgia has the world's largest deposits of the mineral.

A hot-strip rolling mill will be ready for production in early 1950 at Alan Wood Steel Co.'s \$9-million plant addition near Philadelphia. Capacity: 215,000 tons a year.

Thickness of tin coatings electroplated on steel is measured by a meter designed for U. S. Steel Corp. Plating current, strip speed, and other factors are measured to give the thickness reading.

A \$5-million plant at New Orleans has started production of ceramic plumbing fixtures for American Radiator & Standard Sanitary Corp.

Shifts in lab setups are made easier by the building design of Carbide & Carbon Chemicals' new research center. Equipment is held by fasteners that slide in the channel supports in the walls.

New liquid-resin plant planned by Catalin Corp. of America at Calumet City, Ill., will be designed and built by the Chemical Plants division of Blaw-Knox. It will get into operation in March, 1950.



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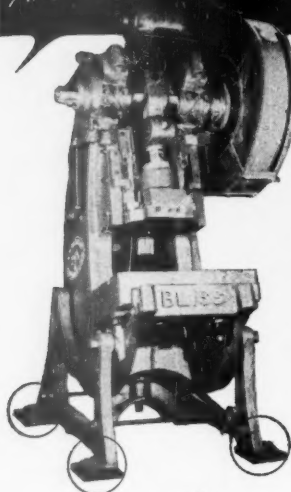


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NEW PRODUCTS



3M Set to Market New Glass-Filament Adhesive

High-strength industrial adhesive tapes have seen a lot of product development at Minnesota Mining & Mfg. Co. in the past year. In January and April 3M introduced two glass-filament types with strengths of 175 lb. per inch of tape width.

Now the company is ready to market another which it thinks has record-breaking tensile strength. Its latest, called No. 890, is supposed to take a pull of 500 lb. for each inch of tape width. Applications: strapping fiber-board cartons, banding steel coils and pipes.

The tape uses a rubber adhesive applied to an acetate-film backing. Imbedded in the adhesive are thousands of glass filaments that run parallel with the tape. These filaments reinforce the tape the way steel rods strengthen concrete.

When deliveries begin in late spring of 1950, tape widths of $\frac{1}{4}$, $\frac{1}{2}$, and 1 in. will be available. Sample rolls are available now from the company at 900 Fauquier St., St. Paul 6, Minn.

PUSH-BUTTON AXLE CONTROL

Improved push-button controls make for easier shifting on trucks with two-speed axles.

Eaton Mfg. Co., Cleveland, has been making two-speed axles for some time. The axles change speed ratios between drive shaft and axle, make driving easier and more economical. They give the driver more speeds, because, for each

setting of the gear, he can choose a low or a high speed of the axle, too. But shifting the axle manually takes a lot of elbow grease; drivers are likely not to shift as often as they should for maximum economy.

After several years' work, Eaton has an electrically operated push-button control. A pull of the button shifts the axle from a low to a high-speed range; a push reverses the process.

The driver still uses manual transmission shifting but he doesn't have to wrestle with a manual axle shift.

NEW PRODUCTS BRIEFS

Synthetic-resin adhesive, developed by Dewey & Almy Chemical Co., Cambridge, Mass., is both waterproof and verminproof. It comes as a liquid, is applied to ungummed tape. Use: sealing corrugated boxes.

Store and pour: A double-purpose spout for 5-gal. cans keeps the container sealed during storage, cuts down spilling when you pour. Rieke Metal Products Corp., Auburn, Ind., makes it in Bakelite polyethylene.

Protective flux coating from Steel-Tectic welding electrode forms an envelope around the weld that prevents formation of weakening oxides. Welder is able to reweld over a seam without chipping away slag. Manufacturer: Eutectic Welding Alloys Corp., 40 Worth St., New York 13.

Window-washing platform, called Windowstep, hooks inside a window sill, allows a housewife to climb outside for pane polishing. The step weighs 11 lb., supports 1,000 lb. Made by Morrison Crafters, Inc., 704 Miami St., Toledo, Ohio.

Farm tractor tire has a tread with an open center, alternating curved bars on each side. Firestone Tire & Rubber Co., the maker, says the tread gives better traction, cleans itself more easily.

A quality-control slide rule is made by Pickett & Eckel, Inc., 5 S. Wabash Ave., Chicago 3. Special scales cover control limits, comparison of process limits, and defective percentages.

Stainless-steel container, Chem-I-Keg, holds acids and corrosives during shipment and storage. The keg weighs 25 lb., has a capacity of 15 gal. The maker: Heintz Mfg. Co., Philadelphia 20.

FINANCE

Mergers on the Upswing

And the reason, Wall St. thinks, is that business wants to push through as many as it can before Congress cracks down. Diversification and maintenance of output seem main aims.

The trend toward corporate mergers (BW—Sep. 4 '48, p. 25) is still a trend. There's been little publicity about it, but the number of merger deals has jumped in the last few months.

The deals have come in all parts of business, too. In one group of 35 mergers, 25 different industries were involved.

• **Before the Night**—Wall Street cynics, of course, have a ready explanation for the upturn. As these Streeters see it, business simply wants to put through as many mergers as it can before Congress cracks down.

Last summer, after 20 years of trying, antimonopolists got the House to pass the sort of merger bill they wanted. The Kefauver-Celler bill plugs a gap in the Clayton act's regulation of corporate mergers.

Right now the bill is under study by a Senate judiciary subcommittee. In its present form, it gives the Federal Trade Commission authority to block a merger through purchase of assets if it thinks the merger would further monopoly. Under the Clayton act, FTC can only act on mergers made through stock acquisitions.

• **Guilty or Not**—Whether FTC would consider any of the recent merger deals as tending toward monopoly is, of course, anyone's guess. But many people feel sure it would be a tough job to pin a "guilty" tag on any of the companies.

Here's why:

None of the companies involved is the dominant factor in its trade. None of them appears to have planned the merger to achieve a monopolistic position. The most common aim seems to have been to diversify and to keep up present high production.

Another factor in shaping the upswing in mergers has been the willingness of small businesses to sell out. Today's high tax rates have prompted many owners to suggest and welcome offers to sell out (BW—Jan. 8 '49, p. 108).

• **Orthodox Pattern**—In the merger pattern this time there have been none of the unorthodox twists that showed up during the war (BW—Sep. 9 '44, p. 52).

No airplane builders have gone into movie equipment, agricultural machinery, radios, or metal coffins. Neither

have brewers, printing-ink makers, and fleet operators of railroad cars made deals to take them into the oil fields as wildcatters.

Vertical mergers—those that give a company a more integrated position in its own field—have been missing, too. Most of the mergers have been horizontal. That is, they have been tailored to broaden the purchaser's production in its own field, or to take it into roughly similar lines.

• **Sampling**—Here is a sampling of what has been going on:

Aerovox Corp., electrical-condenser manufacturer, broadened its trade position by purchasing Electrical Reactance Corp.

Ward Baking Co. widened its sales field by buying a New Orleans baker. The plant gave Ward its first bakery in the city.

Automatic Firing Corp. bought the air conditioning division of St. Louis' General Engineering & Mfg. Co. This is a complementary line, since Automatic makes coal stokers and oil and gas burners. American Air Filter Co. (air-cleaning and dust-control equipment) is now in the process of acquiring Herman Nelson Corp., a ventilating- and heating-machinery manufacturer.

Detroit Steel Corp. substantially enlarged its capacity by buying Portsmouth Steel Corp.'s physical properties (BW—Nov. 12 '49, p. 20). Kropp Forge Co., manufacturer of forgings, bought A. C. Woods & Co., a specialist in structural steel work.

• **Out of Rails**—Two prominent rail-equipment makers took steps recently to untie their production lines from the feast-or-famine railroad industry.

New York Air Brake Co. bought Kinney Mfg. Co., a maker of pumps (BW—Dec. 3 '49, p. 28). Kinney's manufacturing processes fit in well with those used to make air brakes, and its sales are entirely nonrailroad. Symington-Gould Corp., big maker of couplers and other rail specialties, also bought a pump maker—Martin & Schwartz.

Dresser Industries, Inc., oil-trade equipment manufacturer, purchased Houston's Magnet Cove Barium Corp. Magnet Cove is the nation's second largest supplier of drilling "mud."



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Oil and Gas Split

Superior Oil stock rises \$70 after split of oil and gas avoids FPC regulation of oil. Similar moves likely.

Among last week's glad tidings for Wall Street, the spectacular advance of Superior Oil Co. (Calif.) stood out. Superior common climbed \$70 in three days, was up \$100 from its 1949 low of \$127. That touched off sympathetic rises in other oil stocks, which hadn't been doing so well in the long market rally (BW-Dec.17'49,p87).

• **Two for One**—Superior is a producer of crude oil and natural gas. It does no oil refining, but does extract natural gasoline from the gas before selling it to public utilities. What attracted buyers to Superior was its decision to split its natural gas and oil production into separate companies, give present stockholders shares in both corporations.

The new companies—Superior Oil Co. of Delaware, and Superior Gas Co. of Delaware—have already been formed. No stock will be issued until stock-

holders vote on the split Dec. 29. The original Superior Oil will be liquidated. For each share of their present stock, stockholders will get two shares of the gas company, one of the new oil company.

Buyers last week figured that the two companies would earn more separately than they would as one organization. But since the stock is closely held, they had to bid high for it. Only 2,500 shares changed hands during the 70-point spurt.

So buyers spilled over into stocks of other companies with big natural gas reserves. Here's why:

• **Unhindered**—Superior's split makes it possible for the company to sell natural gas to interstate pipelines without risking Federal Power Commission interference with the oil producing side. Oil does not come under FPC jurisdiction, but the commission considers that gas producers who sell to interstate pipelines do.

That's why oil companies with natural gas reserves have been slow to make direct sales to interstate pipelines, even though the natural gas industry is booming (BW-Mar.13'48,p26).

• **Customer**—Superior Gas will sell natural gas to a subsidiary of Panhandle



Bank Tells Business Story on TV

For over a year, the big Corn Exchange National Bank & Trust Co., Philadelphia, has sponsored a 30-min. television show over local station WPTZ. Its "Open House" has been well received by Quaker City. So the bank is continuing it at least through 1950. Judiciously mixed with entertainment, the show offers key Pennsylvania in-

dustries a chance to explain their manufacturing processes, demonstrate their products. Sometimes the bank takes viewers behind the teller's window to show them how a bank works. Here M. C. Roy Neal (right) discusses the Federal Deposit Insurance Corp. with its associate general counsel, Norris Bakke.

Eastern Pipe Line Co. when a proposed pipeline from Texas and Louisiana to Illinois is finished. Superior's natural gas reserves are estimated at 2.3-trillion cu. ft. Total U.S. reserves are about 174-trillion.

The gas company is taking over the original Superior's \$25-million 2½% debenture issue, due in 1966. The oil company will have the \$6-million in 2% notes to banks, which comes due in 1956. Superior hasn't explained the reason for the unequal distribution, but some Wall Street observers think tax reasons have something to do with it.

FINANCE BRIEFS

First Boston Corp. will retire about \$4.7-million of its preferred shares. That still leaves it with capital funds of \$16.7-million, largest in the underwriting business.

Ups and downs of meat packing: Cudahy, which had a profit of \$1-million last year, lost \$4.7-million this year after a \$2.6-million tax credit. Swift didn't do quite so well as in 1948, but still showed a profit of \$25.8-million.

Sale-lease deals (BW—Nov. 5'49,p66) are spreading to banks. Central Hanover Bank & Trust Co., New York, sold its Church St. building to an insurance company for \$2-million. The bank leased it back for 40 years.

Suits against the U.S. can now be filed by insurance companies when government employees are at fault. The Supreme Court changed the old rule that only injured policyholders could sue. Claims of \$300-million may be revived.

The Pennsy got a dividend of \$12.5-million—from its wholly owned subsidiary, Pennsylvania Co. So in spite of a \$4.5-million loss in the first 10 months, the road should have a net of about \$9-million for 1949. Last year it made \$34.4-million.

Half what it asked was all Pacific Telephone & Telegraph got in a rate increase from Washington's public service commission. That will boost revenue about \$3.6-million a year.

Lower interest charges are in sight for the B&O R. R. It has just replaced a batch of conditional sale contracts with a longer-maturing \$11.9-million equipment trust issue, at lower interest.

Lockheed's backlog at year-end will be \$230-million, \$185-million of it in military orders. The company sold 42 Constellations this year.

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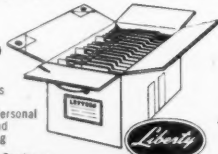
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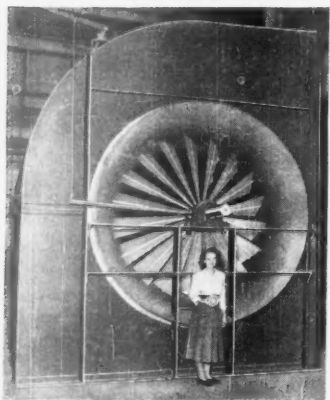
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THE MARKETS

Last Week's 20 Most Active Stocks

	Week's Volume	High	Low	Close	Net Change
Warner Bros. Pictures.....	153,200	*16 ³ / ₄	15 ³ / ₈	*16 ³ / ₄	+1 ¹ / ₂
Paramount Pictures.....	133,200	23 ³ / ₄	21 ¹ / ₈	23 ³ / ₈	+2
Radio-Keith-Orpheum.....	103,700	9 ¹ / ₄	7 ¹ / ₂	9	+1 ¹ / ₂
International Tel. & Tel.....	101,500	10	9 ¹ / ₄	9 ¹ / ₄	+ ¹ / ₈
St. Regis Paper.....	101,400	8 ¹ / ₂	7 ¹ / ₂	8 ¹ / ₄	+ ³ / ₄
Benguet Cons. Mining.....	100,700	1 ⁷ / ₈	#1 ⁵ / ₈	1 ³ / ₄	+ ¹ / ₈
Columbia Gas.....	96,000	*13	12 ¹ / ₈	12 ³ / ₈	+ ⁵ / ₈
Radio Corp.....	88,300	13 ³ / ₈	12 ³ / ₈	12 ¹ / ₂	—
Pennsylvania R. R.....	85,300	15 ¹ / ₂	14	15	+ ³ / ₄
Servel, Inc.....	84,500	10 ⁷ / ₈	10	10 ³ / ₄	+ ³ / ₄
Armour & Co.....	76,200	*8 ¹ / ₂	7 ³ / ₄	8	+ ¹ / ₄
United States Steel.....	72,800	26 ¹ / ₂	26	26 ¹ / ₄	+ ³ / ₄
Pepsi-Cola.....	69,900	9 ¹ / ₈	8 ³ / ₈	9	+ ¹ / ₈
Southern Co.....	67,800	11 ³ / ₄	11 ¹ / ₈	11 ³ / ₈	+ ⁵ / ₈
Consolidated Edison.....	66,600	*29 ³ / ₈	27	29 ¹ / ₄	+2 ¹ / ₄
Middle South Utilities.....	66,500	18 ⁵ / ₈	18	18 ⁵ / ₈	+ ¹ / ₂
United Corp.....	64,100	3 ¹ / ₄	#3 ¹ / ₈	3 ¹ / ₄	—
American Broadcasting.....	63,200	9 ¹ / ₈	8	8 ⁷ / ₈	+ ⁵ / ₈
United Gas.....	62,500	19 ⁵ / ₈	18 ¹ / ₈	19 ³ / ₈	+1 ¹ / ₈
Alleghany Corp.....	62,000	*4	3 ¹ / ₂	*4	+ ³ / ₈

* New 1949 high.

New 1949 low.

Speculative Stocks Get Play

The new zip in the market comes from the speculators. They are buying cheap stocks where the risk is high and the profits fast. That's a bullish sign.

The new bull market finally is beginning to tempt the speculators. In the early stages most of the buyers wanted investment-quality issues. Now they are beginning to reach for the low-priced shares where the risks are bigger and the profits—if you make any—are quicker.

You can see this if you watch the list of market leaders each day or each week. For instance, last week's list of 20 most active stocks included nine that were priced under \$10 a share. All of the top 10 were priced under \$25, and

none of the 20 on the list was over \$30.

• **Speculators Make Booms**—As far as the market is concerned, that's all to the good. Nobody loves the speculator when the market is going down. But you can't have a real bull market without him. Investment buying is a stodgy business at best. It's the speculators who make the booms.

The three top stocks on last week's list were all movies. This reflects the market's interest in the separation of the big movie-making companies from their exhibitor affiliates. A lot of people remember that smart operators made money hand over fist by buying into the right utilities when they were in the throes of divestment. Some of the fast-money boys are hoping to do the same sort of thing with the movies.

The utilities themselves are still getting a ride from the speculators. But they aren't so popular now as they were a couple of months ago. Most of them already have chalked up fairly sharp price rises, and obvious bargains are hard to find these days.

• **More on the Cuff**—You get another hint of increasing speculation if you look at the figures on margin accounts:

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	162.0	163.3	158.4
Railroad	40.6	40.9	39.4
Utility	82.1	81.8	80.0
Bonds			
Industrial	101.5	100.5	100.7
Railroad	82.6	82.0	80.5
Utility	100.0	99.9	99.8

Data: Standard & Poor's Corp.

The New York Stock Exchange reports that member firms carrying margin accounts had \$813.1-million in customers' net debit balances as of Nov. 30. That's the highest total of margin money since June, 1946. It means that there has been more buying on the cuff. And margin buying is almost always speculative buying. The cautious investor pays cash and stows his stock certificates away in his safe-deposit box.

The extra speculative push probably was what got the market through the early part of December without a serious break. And over the long pull, speculation—if it keeps up—might give the market a real ride. But speculation doesn't rule out sudden breaks and temporary setbacks. In fact, it increases the danger.

This is something to keep in mind as you watch the market for the next few weeks. The current rise has been going on for more than six months without a real correction. This week the averages seemed to be acting a little tired. True, volume dropped off as prices gave ground—which is a good sign. But no one should be surprised if a lot of selling comes the first time it looks as though the upward move has been checked for a while.

It Wasn't the Shorts Who Pushed Up Market

The short-interest figures that came out this week were a real surprise to Wall Street—and a pleasant one. Most traders had guessed that the shorts had been covering pretty extensively during the past month. And short covering was generally rated as one of the main reasons for the market's strength during early December.

Instead, it turns out that the short interest on Dec. 15 was 61,311 shares bigger than it was on Nov. 15. The total now stands at 2,267,481 shares. That's the highest it has been since July, 1932.

• **Short Lines Shift**—A two-for-one stock split in Admiral Corp. explains part of the jump in the short position. But aside from that there were significant increases in the short accounts in Chrysler, Colorado Fuel & Iron, Commercial Solvents, Dow Chemical, Illinois Central, Southern Railway, Union Bag & Paper, and White Motor.

The short interest dropped in such issues as Bethlehem Steel, General Motors, International Paper, Middle South Utilities, Southern Co., U. S. Steel, and Universal Laboratories.

These switches suggest that Wall Street was at least half right in its previous guesses—there was a lot of short covering, but it was offset by new short lines that traders put out.

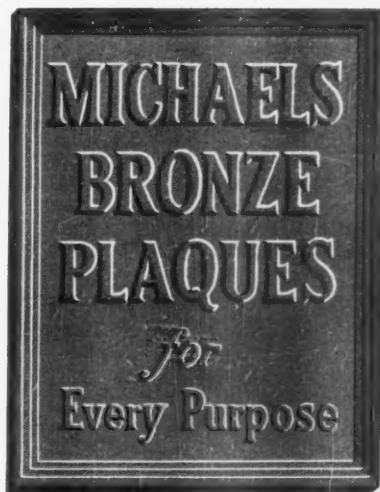
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MARKETING

Detroit families with these 1948 incomes (after taxes)	Under \$1,000	\$1,000 to \$2,000	\$2,000 to \$3,000	\$3,000 to \$4,000	\$4,000 to \$5,000	\$5,000 to \$6,000	\$6,000 to \$7,500	\$7,500 to \$10,000	Over \$10,000
Made average total expenditures of.	\$1,834	\$2,232	\$3,022	\$3,743	\$4,665	\$5,915	\$6,928	\$8,889	\$15,830
For food, they spent.....	641	723	1,043	1,182	1,421	1,588	1,941	2,196	3,192
For housing, fuel, light, etc.....	437	477	537	566	780	681	720	712	2,756
Household operation cost them.....	62	108	97	134	162	205	205	265	895
House furnishings and equipment....	30	35	154	200	251	396	581	565	1,046
Clothing expenditures amounted to....	138	173	330	408	561	713	1,017	1,470	2,210
Automobiles took this chunk.....	161	266	214	305	429	728	757	1,562	1,352
Other transportation cost.....	9	28	57	87	64	83	101	173	102
Medical expenses amounted to.....	62	145	135	218	208	302	242	329	656
Personal care cost.....	25	44	63	73	93	104	127	146	219
Recreation expenditures were.....	28	30	81	137	164	349	423	462	735
Tobacco outlay.....	5	44	52	70	69	86	92	100	110
Reading cost these families.....	18	22	29	39	44	51	51	55	104
For education they spent.....	0	1	6	15	7	35	39	57	132
Gifts and contributions.....	47	74	121	150	237	360	382	463	1,516
Insurance.....	19	38	86	123	152	207	165	278	610
And for miscellaneous expenses.....	152	24	17	36	23	27	85	56	195
That left a few families with a surplus of.....	0	0	0	0	0	0	11	0	8,000
But for most, it meant going into debt, savings, etc., to the tune of.....	1,065	778	279	149	66	310	0	71	0

Where the Consumer's Money Goes

On major outlays, he spends about the same percentage of income as in the mid-thirties. In three cities, at least, BLS says.

How does a consumer spend his money? That's a question that keeps marketing men scratching their heads.

This week, the Bureau of Labor Statistics came up with some new answers in a survey, "Consumer Spending: Denver, Detroit, and Houston, 1948." It's not perfect (as BLS points out), but it provides one of the first postwar guides to what the consumer has been paying out his dollars for. One conclusion of the survey: In 1948, most families paid out more than they took in.

• **Comparison**—BLS made a similar study back in 1934-1936, covering eight cities in the East North Central region. You can't really compare the two stud-

ies because the earlier one covered only wage earners and clerical workers whose average family income was \$1,481. The families in the 1948 study were splattered all over the income spectrum.

Nevertheless, you can draw a few rough comparisons. If the income of the family that got \$1,481 annually in 1934-1936 climbed as much as the average earnings for all industrial workers, the family's income would come near the \$3,500 mark in 1948. And families with a \$3,500 income in 1948 paid out just about the same proportion of income for major expenses as did the families with a \$1,481 income in the mid-thirties. About 32% of income

went for food, and roughly 11% for clothing. Shelter, however, took a smaller share in 1948 than it did in 1934-1936—16% against 23%. Rent controls, of course, had a lot to do with that.

• **Second Look**—Actually, this is the second set of three cities that BLS has looked at since the war. But its other survey (which covered Washington, D. C., Manchester, N. H., and Richmond, Va.) was made in 1947; that was still pretty close to war days. Wartime wages and goods shortages may have skewed the results. The 1948 study probably gives a better indication of what today's pattern of consumer expenditures is like.

• **Caution**—Here's one caution in studying the figures in the new BLS study: The number of consumers sampled was

small—410 in Detroit, for example. The number of persons in each of the nine income subdivisions was even smaller; therefore, the individual experience of one family could easily distort the averages—if that family bought a car, say, or had a big doctor's bill.

Self-Service Meat

Does prepackaged meat cut costs? Do customers like it? Yes, says a Dept. of Commerce report. It's in 1,200 stores now.

The grocery trade is aware that prepackaged fresh meats are here to stay. But meantime it has some doubts about prepackaging. Do consumers take to it? Does it really cut the grocer's costs?

The answer to these questions, according to the Dept. of Commerce, is an unqualified yes. Last winter its Production & Marketing Administration surveyed 65 chain and 32 independent stores to see how prepackaged meats are going. The results, published last week, were encouraging:

Increased sales of meat were reported by 46 out of the 51 stores that had converted over to self-service meat departments. (The rest of the stores in the survey had self-service departments when they opened for business.)

Customer reaction was good in all but two of the 97 stores.

What's more, says Commerce, prepackaging is making fair headway. The number of stores with self-service meat departments has increased from about 400 last winter to somewhere around 1,200 today.

• **Greater Volume**—Usually a store's volume of sales spurts after the changeover to self-service, then levels off at "materially greater totals" than before. Commerce isn't sure, however, that self-service alone accounts for all the reported sales increases. Most stores also modernized their meat departments in making the changeover.

Total labor costs for self-service meats averaged about 4.5¢ per lb. of meat handled or about 5.2¢ per package. Meat sales averaged about 17 lb. per man-hour for stores with an over-all volume of \$2,000 a week or less and 29 lb. per man-hour for stores with over-all sales of about \$10,000 a week.

• **Criticism**—On several points, however, Commerce's report does sustain the views of those who are critical of prepackaged self-service meats (BW—Oct. 1'49,p46). Grocers, reports Commerce, are still worried by (1) discoloration of meat, (2) the need for better packaging techniques, and (3) inefficient use of la-

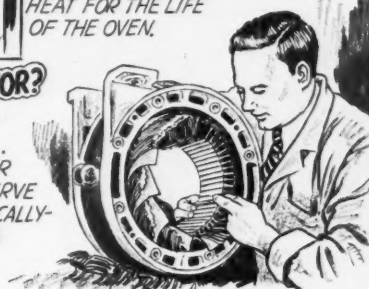
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bor—such as employing skilled butchers to do packing and other jobs requiring little skill.

The report indicates, on the other hand, that the trade can just about forget another worry that used to bother it. Grocers have been afraid that housewives would object to self-service because they might not be able to get just the cuts of meat they wanted. But the report shows that stores are able to get around that by using a few of the butchers in the back room to provide special butcher service for those who are finicky. All but seven of the stores surveyed do this.

MARKETING BRIEFS

Big furniture mart is scheduled to go up in Los Angeles with the help of a construction loan from Prudential Insurance Co. When completed it will have 2-million sq. ft. of exhibition and office space. Work on the first 15-story, \$6-million unit will start in the spring.

Westinghouse will offer three new appliances in 1950: an automatic, frost-

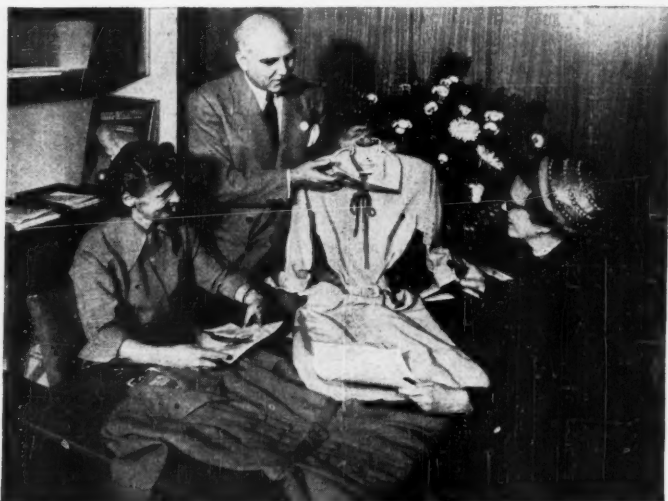
free household refrigerator; a radically new range; a front-opening, top-loading automatic dishwasher.

Christmas gift catalog put out by Marshall Field in Chicago lists the store's 65 top items. They range from a \$90 pair of cuff links to a \$12,000 clock once owned by a Russian grand duke.

Foreign sweepstakes are doing a heavy U. S. business this year. Miami postal inspectors are intercepting around 40 letters a day going to Irish and Jamaican sweepstake operators. And they've stopped thousands of incoming letters containing tickets.

Hats by wire: Gift hats can be sent through any Western Union office in the country. The order goes to the Lcc store nearest the recipient. Only extra cost for the giver is a greeting message (at night letter rates).

Vending machines have been installed in the basement of Detroit's J. L. Hudson Co. The store uses them to sell standard items—Christmas cards, handkerchiefs, candy, hosiery.



A National Brand for Small Manufacturers

Pacific Nor'westers is a new brand name—designed to cover a lot of products. It's also the name of a Seattle (Wash.) marketing organization that plans to help small manufacturers get wider distribution for their products. First merchandise handled under the new name is a line of dresses designed and manufactured by Christine M. Williams (left). R. Whitney Corwin, president of the marketing concern, displays a sample to Doris Clare, buyer for

Seattle's Frederick & Nelson department store. Corwin's service includes product design, packaging, market research (all on a fee basis), and merchandising and sales representation (on commission). Some national advertising is planned. Products put out under the Pacific Nor'westers' label will also retain the maker's identity on the label. The producer may continue to distribute locally or may turn the whole show over to Pacific.



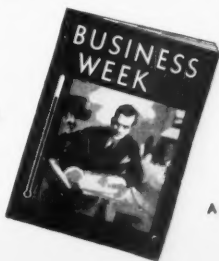
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*Source: Publishers' Information Bureau Analysis

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skylines... by Otis

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

DECEMBER 24, 1949



ECA has a new project for freeing western Europe's trade—a clearing house to handle payments between Marshall Plan nations.

The "clearing union" would replace the present intra-European payments system. The idea is to cancel out as many trade debts as possible on a multilateral basis. (Under the payments system, creditor countries make grants on a bilateral basis.)

Then, for all practical purposes, European currencies would be convertible for intra-European trade.

The clearing house would have a pool of European currencies, gold, and dollars to work with (ECA would put up \$150-million).

When payments didn't cancel out, debtor nations would get credits up to a certain amount from the pool. After that they would pay the clearing house from their gold reserves.

Creditor countries would be expected to forego a certain percentage of the money owed them—that is, extend credits to the pool. Beyond that amount they would be paid hard cash by the clearing house.

The chances look good that the Marshall Plan nations will agree to the clearing-union idea.

Reason: Creditors stand to earn hard money this way. Debtors stand to lose less of their gold reserves because of multilateral clearing.

Then there's this fact: Since devaluation intra-European trade deficits have been shrinking. OEEC officials think that total deficits are running now at an annual rate of \$300-million. Last spring OEEC had to figure on deficits of \$800-million.

So if ECA puts \$150-million into the pool, the Marshall Plan nations only have to match that sum either in credits or by digging into reserves.

There's one catch, though, to the proposed union.

In the short run, it's likely to widen western Europe's dollar gap. As trade bars drop inside Europe, some European goods are bound to be diverted from the U. S. market. And that means that fewer dollars will be earned.

However, in the long run a competitive European market should boost productivity, thus improving Europe's chances of earning dollars in the U. S. and in world markets.

Liquidation day for Tito is set for early next year.

That's the only way you can interpret Stalin's latest moves in eastern Europe.

"International brigades" (with many former Nazi officers) are now forming in Hungary, Romania, Bulgaria.

The political front is being prepared, too. The execution of Kostov, Bulgarian Communist leader, shows what's going on in Bulgaria: All the old-line Communists are being put away.

Stalin doesn't trust this group any longer. Most of them have turned out to be Bulgarian nationalists. Kostov was not only that, but a supporter of the Balkan federation idea to boot.

Should the West-German government take over the job of decartelizing I. G. Farben?

The committee of I. G. shareholders has proposed that course. The committee has a plan all worked out for the Bonn government to follow:

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
DECEMBER 24, 1949

I.G. properties in West Germany would be grouped into three companies. These would be formed around the Ludwigshaven plant in the French zone; the Leverkusen plant in the British zone; and the Hoechst plant in the U. S. zone. In effect, this would mean three smaller cartels to replace the former giant one.

This German move is sure to deepen the split that already exists between U. S. and British-French policies.

Decartelization of I.G. was agreed on four and a half years ago. But nothing has been done about it, except in the U. S. zone. There the I.G. properties have been cut up into independent units. The Hoechst plant is merely the largest of several.

In the British zone, by contrast, five big I.G. plants are still tied together in what is called the Leverkusen group.

Ludwigshaven is controlled by the French—and operated according to the best cartel traditions.

So it looks as if the I.G. shareholders may get British and French backing for their project.

London's scheme for freeing trade between the United Kingdom and Scandinavia ("Uniscan") is off to a bad start.

First the problem of Germany cropped up. Sweden wants West Germany in the group. Britain isn't ready for that yet.

Then both Sweden and Denmark have big sterling balances. So neither is interested in boosting sales to Britain until the sterling is spent.

After this impasse, each side accused the other of wanting to put the cart before the horse. Then they found they couldn't even agree on which was the cart and which the horse.

The British position was this: If we free our currencies, trade will come into balance; but the Swedes and Danes want to force trade into balance first, then remove currency controls.

The dollar-sterling oil problem (BW-Nov.19'49,p125) is coming to a head faster than Washington expected.

With the start of the new year, British imports of dollar oil will be cut in half. Production of sterling oil is now high enough to take up the slack.

For the British Treasury, that will mean an annual saving of about \$60-million. For U. S. oil companies it means losing a big chunk of business.

It's the timing of the British move that makes American oil men mad, too. It has come while London and Washington are still discussing a joint solution of the ticklish world oil problem.

Canada has found a way to keep its high-cost merchant fleet in operation—without subsidies.

In a deal with Britain, some 130 Canadian ships will soon sail under the British flag. The Canadian shipowners will keep title to their vessels. Thus, Canada can get back its fleet (in running shape) in case of emergency.

British operators will get the added tonnage without any capital outlay. Canadian owners will get a return in dollars from their leased-out properties.

BUSINESS ABROAD



DROPPED Nationalization of industry. Australia's new government will repeal bank nationalization, others.



KEPT Welfare measures. Menzies campaigned on promise to maintain social benefits like this mobile dental clinic.

When Socialism Is Defeated

Australia is the first test case of what happens. Result there: nationalization ended, welfare expanded, labor restricted.

MELBOURNE—Australia will soon be providing an answer to an intriguing question: What happens when a non-socialist government takes over a Socialist state?

Until December 10 Australia was ruled, as most democratic countries have been since World War II, by a labor-oriented government. Now this country is to have a government whose closest ties are with business and agriculture. For the West, this is an important test case.

• **Plans**—A preview at least of Australia's answer to this question can be given now, on the basis of the election campaign waged by the victorious Liberal-Country party. In outline here's what the new government plans to do:

• **Call a halt to Labor's nationalization program**—and rescind some of the nationalization legislation already adopted.

• **Ease up on government controls of business**, stopping the trend toward a managed economy.

• **Crack down on the power of labor union leaders.**

• **Keep Labor's public welfare program virtually intact**, perhaps even extend it.

Thus, Australian businessmen expect a better break from the Menzies government than they have been getting for the past eight years under Labor. But they don't imagine for a minute that Australia is to have a free-wheeling economy from which all traces of socialism will be removed.

• **Campaign Ammunition**—True, Menzies seems to have won the election by his attacks on nationalization and the managed economy. He made real capital out of Labor's attempt two years ago to nationalize commercial banking. For even though this venture in socialism already had been stymied by the courts, Labor still had banking in its nationalization program, along with insurance, shipping, public health, radio services, and sugar refining.

• **Me-Too on Welfare**—However, when it came to the welfare side of socialism, Menzies took a me-too line—and probably would have lost the election if he hadn't.

Maintaining the social services will mean a heavy government spending program. And Menzies is also committed to expanded defense expenditures. So Australian businessmen see

little hope of any relief in the tax policies of the new government.

• **Break for Americans**—Americans doing business in Australia may get a break on taxes, however. The new government is expected to open negotiations soon with Washington for an agreement on double taxation. If an agreement comes off, profits made by American firms in Australia that are already subject to a U. S. levy will get a partial tax exemption from Canberra.

Labor has hedged on such a treaty for years now. And that's been one of the things stymying American investments in Australia.

• **Reversing Nationalization**—In a nutshell, the Menzies program for reversing the Socialist trend in Australia is this:

The bank nationalization act will be repealed, and a constitutional amendment will make it impossible for such Socialist legislation to be passed in future without a popular referendum.

The government airlines set up by Labor will be sold out to private operators—unless they can pay their own way. Labor legislation setting up state monopolies in radio and television will probably be rescinded. The same goes for the planned federal operation of coastal shipping.

Banking and credit controls will be



DEAR MR. EXECUTIVE—

I'VE ALWAYS BEEN a tremendous dictator. But these last few years it got to be almost too much for me. (Not to mention Mrs. Claus, who had to transcribe all those letters!)

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retained. But now they will be handled by the independent board which is supposed to supervise the operations of the country's central bank. Under the Labor government this board had been replaced by a single governor who took his orders from the federal treasury.

Militant labor-union tactics are to be curbed by compulsory secret ballots in all elections of union officials and in all strike decisions. The Communist party is to be outlawed.

• **Some Controls Stay**—Menzies has also promised to cut down Australia's top-heavy bureaucracy. But some controls are sure to stay, including those on bank credit policy and new capital issues, raw material allocation, import and export licenses. Even in business circles some of these are considered essential as long as the demand for scarce resources remains strong.

Nor does Menzies have any intention of interfering with the economic activities of the state governments. Railroads have been state monopolies from the beginning. Most of Australia's electric power is controlled by state or municipal authorities. And some state governments have gone into road transport and other fields of industry.

The federal government itself is now building an aluminum plant. Also it owns stock in an oil refinery, in a bus-building plant, in radio manufacturing, and in a telegraph company. These interests will be kept for the time being, at least.

• **Shades of the Prison House**—The fact is that paternalistic government has been characteristic of Australia since the 19th century. This is partly because Australia was originally a British penal colony; for a long period the government's chief role was as a warden of convicts.

• **Welfare Expanded**—When it comes to welfare economics, Menzies' position shapes up about this way:

He favors a national health scheme which involves government subsidies to hospitals. He has promised full support of the present systems of national insurance against sickness, old age, widowhood, and unemployment. The big change likely in the medical field: reversal of Labor's plan for free medicines.

The chances are that before the next election Menzies will try to extend the whole insurance setup—though on a contributory basis. Menzies even outbid Labor on the "baby bonus" question. Up to now, every child after the first has been subsidized. Menzies has promised a bonus for the first as well.

The new government also favors a system of farm price supports that doesn't differ much from the Brannan Plan in the U. S. And Menzies wants the government to take a more aggressive lead in developing the new resources in the interior of Australia.



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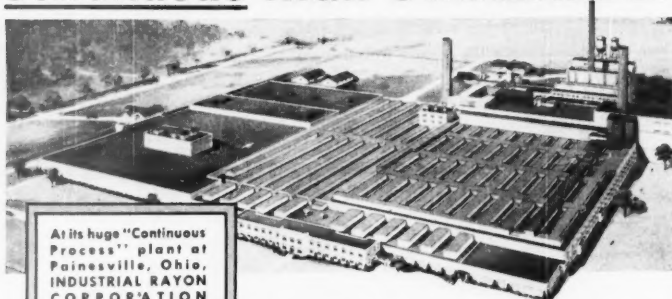
The immediate object is to make available his accumulated knowledge and experience to some industrial or commercial organization where the desire is to do more intensive contacting of executives in regard to their sales activities.

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Mexican Gusher

Mexico's first refinery has made country an exporter of petroleum products. Talk of U.S. oil loan revived.

MEXICO CITY—Rumors have started again that Pemex, Mexico's state-owned oil monopoly is about ready to get its long-awaited loan from the U.S. (BW-Dec.11'48,p106). This time the talk has been stirred up by a visit from Wayne Morse, of the Senate's Armed Services Committee.

Morse flew in last week in President Aleman's private plane. Although he didn't give the reason for his visit, Morse had a tour of newly developed Pemex oil fields high on his itinerary.

• **Progress**—Mexican oil men feel they have impressive signs of progress to show the senator:

• In the last three years, Pemex has boosted oil production by 55,000 bbl. a day—to about 185,000 bbl.; it's expected to reach 250,000 by the end of 1950.

• Pemex has upped the prewar rate of 35 wells drilled per year to 83 wells in 1948. The total for this year will be 130. Mexico's known reserves now come to about 1,260-million bbl.; estimated reserves run, to 10 times that figure.

• Mexico built its first refinery last year, a \$20-million plant that produces high-test gasoline, and handles 50,000 bbl. of crude a day. Another refinery is scheduled for completion next year. And Pemex will break ground for a third this month.

The first refinery alone turned Mexico from an importer into an exporter of petroleum products. Last year the country sold \$40-million in petroleum products for export. Two years ago, it had to buy outside to meet domestic gasoline needs.

• **Credit**—Much of the credit for Pemex's rapid growth goes to Sen. Antonio Bermudez, the man who took over as czar of the oil monopoly in 1946.

Among other things, Bermudez lowered the bar against foreign operations to let in the Pauley group last March. This group, now registered in Mexico as Compania Independiente Mexico Americana (CIMA), is composed of Democratic-politico, Ed Pauley, Ralph K. Davies, Signal Oil & Gas Co., Phillips Petroleum Co. and Sunray Oil Corp. While CIMA's operations are still in an early stage, it hopes to grow into a prominent spot in the Mexican oil picture in the future.

• **Percentage Cut**—CIMA's contract with Mexico specifies that the company

is to carry all expenses of exploration and drilling until it hits oil. When it makes a strike, CIMA gets 50% of production until it makes up its initial outlay. After that, the group's share is 15% to 18 1/2% of the take for 25 years.

The contract, which at the start looked risky for Pauley, looks better now. CIMA struck oil on the first try.

BUSINESS ABROAD BRIEFS

Vickers, Inc., Detroit, has licensed Industrial Service Engineers Pty., Ltd., Melbourne, Australia, to build its hydraulic pumps and controls.

A \$6.5-million grant from ECA will partly finance construction of a British-owned petroleum chemical plant at Grangemouth, Scotland. The plant's owners, Distillers Co., Ltd., and Anglo-Iranian Oil Co., Ltd., will pay the British government in sterling for the dollar-costs of goods and services for the project.

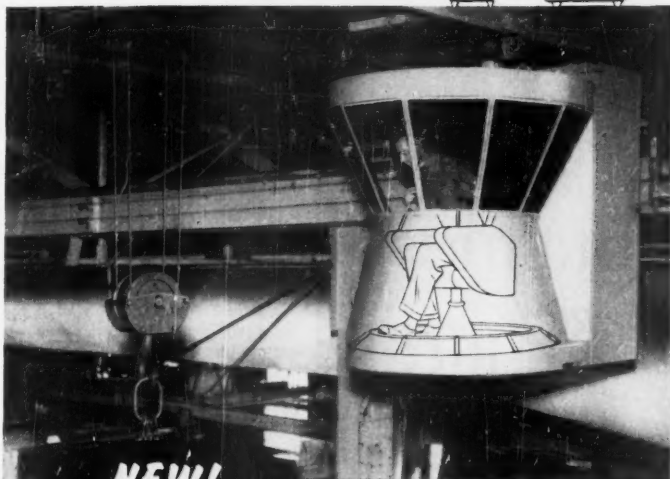
India's aluminum industry will be protected for three more years by a 30% import duty.



State's Policy Planner

Economist Paul H. Nitze is slated to succeed career-diplomat Kennan on Jan. 1 as head of State Department's policy planning staff. Nitze's appointment may mean some shift in State's emphasis from the political to the economic bolstering of the West. Nitze started out with investment bankers Dillon, Read & Co. in 1928, left in 1941 to take a wartime post in Washington. In 1946 he went to State, where his biggest job to date was midwifing the Marshall Plan.

AS COMFORTABLE AS AN EASY CHAIR



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WHITING CRANE**

**ELIMINATES
OPERATOR FATIGUE!**

INSURES SAFE, SMOOTH OPERATION

A crane is no safer than the operator who runs it. Old-fashioned "stand-up-and-lean" crane cabs quickly tire the operator and drastically reduce his efficiency after a few hours.

Now, in the new Whiting Crane, this fatigue is eliminated. The operator sits in the scientifically comfortable Roto-Chair, with instant-acting magnetic controls at his finger tips. Yet he has perfect vision of the working area below.

Even after hours on the job, the operator retains the split-second alertness he needs to handle the crane efficiently and to protect the safety of his fellow workers.

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These precision-cut gears provide quieter, more efficient speed reduction; longer life.

Magnetic Control

This compact, remote control system eliminates drum controls and provides delicate, finger-tip handling of all crane movements.



Fluid Drive

Liquid transmits power between motors and drives. Gives even acceleration, smoother operation. Its cushioning effect reduces maintenance costs.

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GROWS
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If you operate a so-called "small business" you're off to a head start in Massachusetts, where distances are short, good labor is always close-by and markets for your merchandise are at your very door.

Small business grows big and "goes big" in this State. Welcomed and encouraged by our cities and towns, it is aided officially by the Small Business Division of the Massachusetts Development and Industrial Commission.

Write for more-detailed information about our superior facilities in your behalf.

the move is on...to
MASSACHUSETTS
because

- ✓ LABOR IS SKILLED AND PLENTIFUL
- ✓ MAJOR MARKETS ARE CLOSEST
- ✓ RESEARCH FACILITIES ARE FINEST



An illustrated book gives the facts on Massachusetts. The color film, "Make It In Massachusetts", is available to interested executives.



WRITE TO: Massachusetts Development and Industrial Commission, Room 102B, State House, Boston 33, Massachusetts

COMPANIES

Forges to Fans to Prosperity

Buffalo Forge Co. started with forges for blacksmiths. Blacksmiths waned, but company kept on making blowers and fans for industry. Now it's thriving on a wide range of goods.

Buffalo Forge Co. has a nose for what's in the air.

In fact, this dignified 72-year-old concern on the outskirts of downtown Buffalo, N.Y., owes a lot of its prosperity to the things it can do with air—heating it, cooling it, blowing it, and cleaning it of all sorts of impurities. It was the birthplace of air conditioning, some 50 years ago. Today its equipment will clean glaze out of the air of pottery plants or will salvage cow chowder from a feed mill. It can clean the air of particles ranging from sawdust to fine fumes.

In another sense its nose has served it well. Buffalo Forge has shown an ability to capitalize on the changing air of the U.S. industrial scene.

Last week, the company showed a new sign of this alertness: It launched a five-day symposium for industrial air engineers. Engineers from leading plants all over the country met there to thrash out the problems of fans and air conditioning. Every session had a 100% attendance.

• **Variety**—Almost in spite of itself, Buffalo Forge makes a diversity of products. Besides the head company, the Buffalo plant houses its subsidiary, the Geo. L. Squier Mfg. Co., which specializes in equipment for rice, sugar, and coffee plantations. Its Buffalo Pumps, Inc., at North Tonawanda, N.Y., turns out centrifugal pumps, while the parent company makes fans, blowers, air conditioning, forges, drills. Canadian counterparts—Canadian Pumps, Ltd., and Canadian Blower & Forge Co., Ltd., at Kitchener, Ont., manufacture similar products. This diversification spells year-round business.

• **Strange Orders**—It's safe to say that Buffalo Forge had no idea how diversified its business was going to get—especially the Squier end of it. Squier's slogan, "From Cane to Sugar Bag," means that Squier engineers design a plantation factory, build it, and furnish the entire equipment.

But soon after Buffalo Forge bought Squier, in 1902, it found that the heading, plantation equipment, covered a lot of wants. The planters felt that in Squier they had their lone hold on "civilization." Strange requests drifted in from odd corners of the world.

From Portuguese West Africa came an order for one merry-go-round, complete with organ and 12 cylinders of music. A hidalgo in Tepic, Mexico, wanted "one set of side combs for a lady." A carefully explicit order called for "one 'Thylbury' cart mounted on two high wheels and provided with two seats for two people each, one extra seat for an attendant, 'take down' leather cover, leather laprobe, shagreened upholstery and cushions throughout, the best quality lamps." A well cushioned gentleman from Penedo, Brazil, put in a plea for an "all-silk elastic abdominal supporter, 10 in. to 12 in. wide, for abdomen measuring 45½ in." Of course Squier didn't start manufacturing such items. But it shopped around to fill the odd orders.

• **For Smithies**—When Buffalo Forge started, in 1877, it had no thought of merry-go-rounds and silk girdles; its aim was to supply smithies. In those days, the blacksmith was still a power in the land. The company was born in a couple of rooms on the fifth floor of a building in downtown Buffalo. A year later it moved to its present site. William F. Wendt, uncle of the two Wendts who run the business today, bought a half interest in the company and a half interest in the patent for the first portable forge with an attached blower. In 1883, he bought full control, brought his brother Henry into the company.

In 1877, blacksmiths were still using bellows to keep their fires going. The revolutionary new forge, complete with blower, had no trouble finding a market. Then the company added a crank-driven blower and postdrills (drills that are hung onto posts) for smithies. Soon it was making every conceivable type of blacksmith equipment.

• **Change**—Before the turn of the century, the blacksmith was on the wane. But if blacksmiths didn't want so many blowers, other people did. The "Buffalo" trade mark soon turned up on fans for cupola blowing, oil and gas furnaces, woodworking machine exhausts, grinding wheels, and other industrial machinery.

• **Air Conditioning**—From industrial blowers to ventilating fans was a logical

step; from there to air conditioning was another.

In 1896, Buffalo Forge installed one of the first known air-cooling systems in the old Auditorium Hotel in Chicago. On this early try, it used melting ice and fans to cool. Then company engineers went forward to using cold water piped through coils. The equipment was crude by modern standards, but it made a sensation then—and a market.

One big reason for the growth of air conditioning was Willis H. Carrier. From 1902 to 1915, Carrier, as chief engineer for Buffalo Forge, was given free rein to research the problems of air conditioning. In 1915, Carrier, with several other Buffalo Forge employees, pulled up stakes, formed the Carrier Engineering Corp. in Newark, N. J.

Buffalo Forge went on making air conditioning equipment, mainly for large installations. Buffalo Pumps, besides making the pumps for the parent company, supplies many other leading air conditioner manufacturers.

• **Fans and Tools**—Ventilating and power-plant fans account for 60% of the company's total production. (Total net income for the nine months ended Aug. 31 was about \$1.5-million.) Net sales last year were about \$20-million. Generally fans are custom-built, though the company makes some standard lines.

As a byproduct of fan production, the machine tool division was developed. Because it was a pioneer in the fan field, Buffalo Forge had to develop its own tools. This output now runs second to fans and blowers, with about 25% of total production.

Early in the day, Buffalo Forge went into the export market. It was among the first U.S. companies to sell to Australia. It set up its first Canadian plant in 1905. Foreign markets still account for about 10% of its sales. The dollar shortage makes some trouble, but business is good.

• **On the Spot**—The company doesn't go in very heavily for research as such. In the main, research is done on the spot, and takes the form of tests to see what sort of setup will fill a specified bill. Fan salesmen are trained for one to three years in the plant, help determine the kind of equipment a customer needs.

• **Family Matter**—Two sons of Henry W. Wendt head up the company: Henry, 58, is board chairman; Edgar, 61, is president. They have been with the plant all their working lives. With Vice-President C. A. Booth, who has been with the company 50 years, they run the show.

Oldtimers say that the Wendts have never been known to have a harsh word or disagreement. "They pull together like two horses at a plow," one said.

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Death of a Business

The year 1949 is going to end with one particularly unpleasant business record: more business deaths than in any other postwar year.

Dun & Bradstreet, Inc. reported 8,621 commercial and industrial failures in the U.S. in the first 11 months. That is nearly double the 1948 total and more than double the number of business failures in 1947.

Obviously there is a rising trend in the number of business casualties. Why? The answer is almost as obvious: The competition is getting heavier.

Those that fell by the wayside were mostly small outfits that sprang up after the end of the war. Many companies were born in the postwar period to make up for the ground that was lost during the war. The Dept. of Commerce estimated that there was a deficit of 700,000 businesses at the end of 1943, which was the low point in wartime. There were only 2.8-million members of the business family then. If the normal ratio of number of companies to general business activity had been maintained, there would have been about 3.5-million going concerns.

By the end of 1947, the shortage in the number of U.S. businesses had been eliminated. The rapid rate of postwar growth had brought the business population back to its normal relationship with business volume.

Businesses Generate Business

While there were so many new entries in business, business activity was exceptionally strong in several directions. The newcomers had to spend money for plant and equipment to get going. They also had to get inventories to work with. The newcomers' buying strength helped to swell the total for capital spending and for inventory purchases.

Now the situation is changing. The number of business failures is increasing. And at the same time there

is a declining trend in the number of new businesses. Therefore, we have been seeing the effects of this turnabout in the fields of capital spending and inventories. Both have lost the stimulant of the buying that had been done by new firms established since the war that have since passed out of the picture.

Not all of the failures are in the commercial category either, although that is a fairly common belief. Actually the number of manufacturing failures has been going up at an increasing rate. During the week ended Dec. 1 manufacturing failures reached the highest level since 1941.

More Deaths Than Births

The business population picture, as far as manufacturing is concerned, looks less cheerful even when you compare births and deaths. In the first half of 1949, there were little differences between total business births and deaths, except in mining and manufacturing. There were about two companies leaving the mining field for every one coming in. But in manufacturing for each new arrival there were almost 2½ departures.

What is the prospect for the year ahead? If business should stay all through 1950 at the 1949 level, the business population pattern might not change too much. The normal course of business events most likely would produce births and deaths in about the same equal quantity. However, if there is a sinking spell at any time next year undoubtedly the momentum in the rate of business failures would be increased. Those companies that are now poised on the borderline would fall out quickly. The survivors will be those who can meet stiffer competition and are always active in improving operating efficiency.

The death of one business may prolong the life of its competitor.

Tying Business and College Together

Last week Denison University out in Granville, Ohio, made an announcement of special interest to business. The Denison Business Council is being organized with this basic purpose: to promote a better working relationship between Denison and the business world.

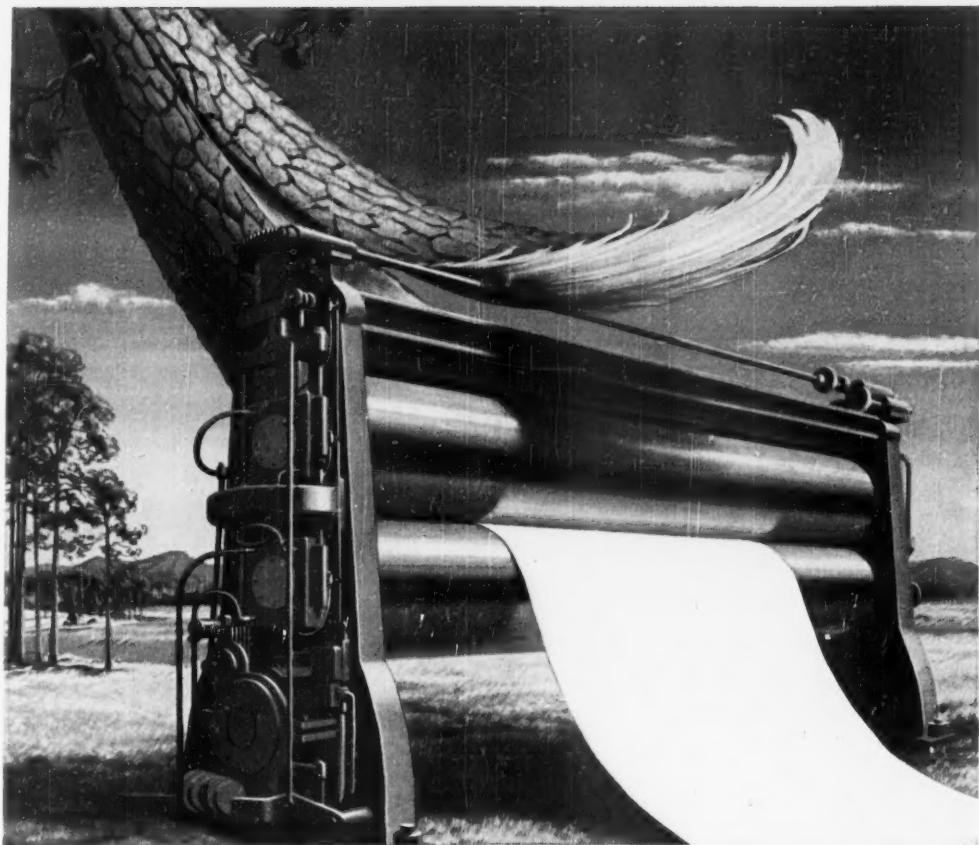
A limited number of companies in principal Ohio cities has been invited to become members of the council. They will be asked to cooperate with the college in making their experience and facilities available as an integrated part of the college program.

Dr. Kenneth I. Brown, Denison president, explains that the council plan represents, in a way, an extension of the university's vocational guidance and placement program. Summer work experience will be provided for selected students during their college career.

Companies will be asked to provide case material for

classroom study. They will also be expected to arrange plant visits for students. In addition, the participating companies will be asked to encourage business associations, conferences, and forums to hold sessions at Granville to which student and faculty members may be invited. Dr. Brown says that the council plan is part of a larger program designed to "reemphasize the significance and values of the traditional basic freedoms in America and the dangers which currently threaten these freedoms." That in itself should be inducement enough to get active cooperation of businessmen.

There also is a practical advantage to companies joining in the Denison council. Graduates of that school will increase the supply of better management material. That is an important bonus to receive from tying business and education more closely together.



CHAMPION PAPER & FIBRE CO., big name in paper making, stresses mass production of quality products. In a series of difficult operations, Shell Industrial Lubricants give extraordinary service.

This "paper work" takes steel muscles

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Machinery, at Champion Paper & Fibre Company, may fill a city block—often runs non-stop under severe conditions. Presence of flame, steam, moisture and high pressures makes lubrication a problem.

Under these conditions, Shell Industrial Lubricants are used in equipment ranging from tiny gears to heavy rollers. Champion's engineers keep careful check on performance.

Shell Diala Oil used in transformers, Shell hydraulic oils, and general plant lubricants give extraordinary service under the most trying of industrial "climates."

Use of Shell oils and greases has simplified the selection and application of lubricants as well as the maintenance of Champion Paper & Fibre Company's machines.

Advances in industrial techniques are closely related to planned lubrication. Shell's complete and progressive lubrication plan includes: study and analysis of plant and machines; engineering counsel; advice on applying lubricants; schedules and controls for each machine; periodic reports on progress.

Planned lubrication can increase the efficiency of your plant. Call in the Shell Lubrication Engineer.

**LEADERS IN INDUSTRY RELY ON
SHELL INDUSTRIAL LUBRICANTS**



YOU are looking at the back of a control board of a power station that supplies homes and industry with electricity. These rainbow-hued conductors carry voltage to various outlets, each color identifying a separate wire among the thousands in the plant—very necessary in hook-up work and circuit tracing.

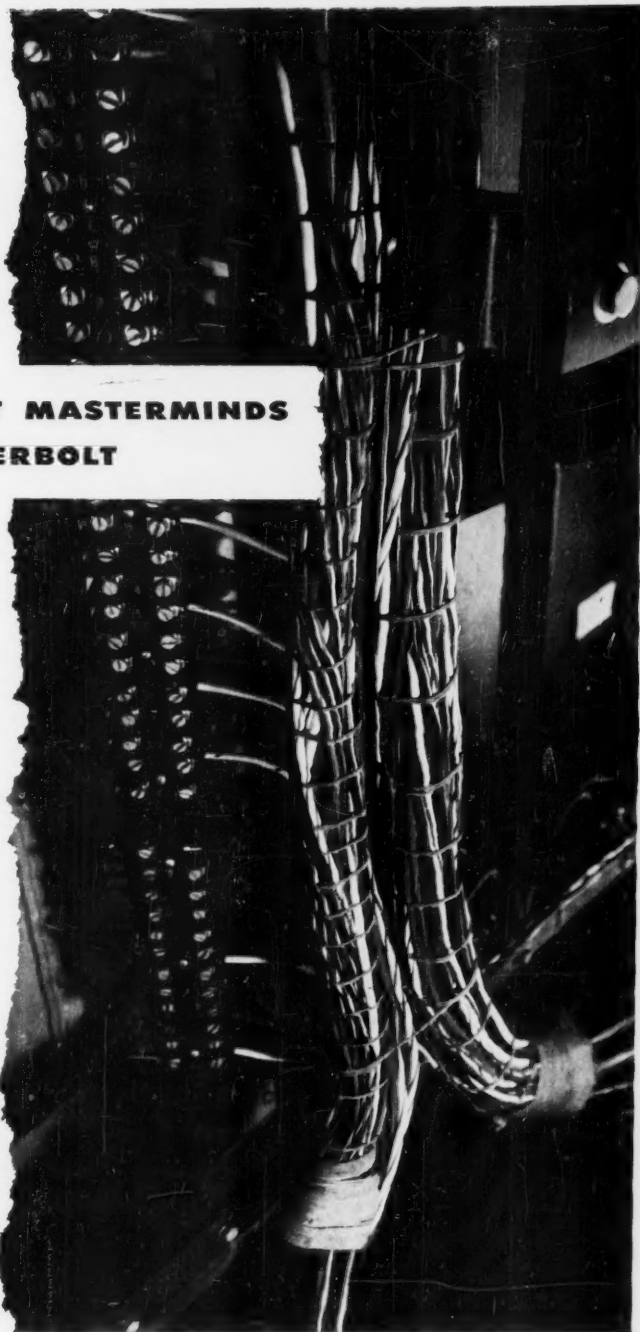
The requirements for insulating these tracers called for the qualities found in

THE *rainbow* THAT MASTERMINDS A THUNDERBOLT

versatile Geon. For the material must be tough yet flexible—available in any color, light or dark. It must resist flame, grease, oil, and solvents and, above all, be extremely resistant to oxidation. It must be easy to handle and install and, of course, provide safe, lasting insulation.

Cable sheathing, durable upholstery, handsome flooring, attractive raincoats—there seems to be no end to the uses of Geon polyvinyl resins! You can process it in so many ways—it can be calendered, extruded, cast into sheets, used for coatings. Does this spark an idea for a new product, or one that can be improved? If so, tell us what you have in mind and we shall be glad to help you with your problems.

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